

May 18, 2010

***Ex Parte***  
***Via ECFS***

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

RE: *Application of Verizon Communications Inc. and Frontier Communications Corporation for Consent to Transfer Control of Domestic Section 214 Authority, WC Docket No. 09-95*

Dear Ms. Dortch:

At the request of Staff, Frontier Communications Corp. (“Frontier”) and Verizon (collectively “Applicants”) provide further information regarding the West Virginia Public Service Commission’s (“WV PSC”) comprehensive review of Applicants’ E911 plans for West Virginia. Following a careful analysis, the WV PSC concluded that the Applicant’s plan for provision of E-911 service will provide effective telecommunication service to public service answering points (“PSAPs”) and to the community at large.

West Virginia residents’ use of E-911 will be unaffected by the Transaction.<sup>1</sup> As the WV PSC recognized, Frontier will assume operation of E911 service in West Virginia from Verizon using the same personnel that currently provide E911 service.<sup>2</sup> PSAPs will receive Automatic Location Identifiers with Selective Routing Adjuncts (“ALISA”), Database Management Services (“DBMS”) systems, monitoring and customer care services fully comparable to current services.<sup>3</sup> As in Verizon’s network today, Frontier will maintain redundant selective routers, ALISAs, and DBMSs.<sup>4</sup>

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<sup>1</sup> *Frontier Communications Corp. et al Joint Petition for consent and approval of the transfer of Verizon's local exchange and long distance business in West Virginia*, Direct Testimony of Stephen E. Smith and Kathy L. Buckley dated July 10, 2009”), at 19, attached as Exhibit A. (“Smith/Buckley Direct”); Direct Testimony of Daniel McCarthy and J. Michael Swats at 50, attached as Exhibit B.

<sup>2</sup> *Frontier Communications Corp. et al Joint Petition for consent and approval of the transfer of Verizon's local exchange and long distance business in West Virginia*, Case No. 09-0871-T-PC at 20, attached as Exhibit C (“WV Order”).

<sup>3</sup> Smith/Buckley Direct at 19.

<sup>4</sup> *Id.*

Shortly after the Transaction was announced, Applicants contacted the West Virginia Division of Homeland Security and the West Virginia E911 Statewide Council to discuss their plans for the E911 network.<sup>5</sup> A working group consisting of the Director of the Division of Homeland Security and four county E911 Directors from the Statewide E911 Council was established and met routinely to work through the issues.<sup>6</sup> On January 15, 2010, the Statewide E911 Council met and voted unanimously to support moving forward with Applicants' E911 network plan.<sup>7</sup> The E911 Council stated that it is "satisfied that the current plans, if implemented as discussed, will not adversely affect the quality of service nor cause any additional financial burden to the PSAPs."<sup>8</sup>

Under that plan, nothing will change in the portion of the network currently maintained by Frontier in its current service area.<sup>9</sup> Similarly, in the Verizon WV service area, the existing E911 network elements will remain in place, including the end office switches that serve customers, the selective routers ("SRs") that are located in West Virginia, and the circuits connecting these elements and the PSAPs.<sup>10</sup> Of the SRs that currently serve Verizon's E911

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<sup>5</sup> *Frontier Communications Corp. et al Joint Petition for consent and approval of the transfer of Verizon's local exchange and long distance business in West Virginia*, Transcript of J. Michael Swatts (January 13, 2010) at 119-123, attached as Exhibit D ("Swatts Tr."). As the WV PSC noted, Verizon filed a detailed description of those E911 network realignment plans along with its direct testimony. WV Order at 20 (citing Smith/Buckley Direct, E911 Testimony Addendum).

<sup>6</sup> Swatts Tr. at 119-123; *Frontier Communications Corp. et al Joint Petition for consent and approval of the transfer of Verizon's local exchange and long distance business in West Virginia*, Transcript of Smith/Buckley (January 15, 2010) at 147-148, attached as Exhibit E.

<sup>7</sup> *Frontier Communications Corp. et al Joint Petition for consent and approval of the transfer of Verizon's local exchange and long distance business in West Virginia*, Transcript of J. Michael Swatts (January 15, 2010) at 244, attached as Exhibit F.

<sup>8</sup> E911 Council Minutes, January 15, 2010, attached as Exhibit G.

<sup>9</sup> Under arrangements also authorized by the Commission, Frontier's current local exchange affiliate, Citizen Telecommunications Company of West Virginia d/b/a Frontier Communications of West Virginia Inc., provides a significant portion of the network and associated services in its service area, mainly trunking and data updating, for which it currently bills. Smith/Buckley Panel Direct, E911 Testimony Addendum at 4-5. In the Verizon WV service area, the re-named Frontier WV will remain a statewide provider of E911 services pursuant to the Miscellaneous Service Arrangements Tariff, P.S.C. – W.Va. – No. 211, Section 14. Smith/Buckley Panel Direct, E911 Testimony Addendum at 4-5.

<sup>10</sup> *Id.* In addition, by the closing of the transaction, Verizon will provide new circuits to directly connect each PSAP to each of the two redundant Automatic Location Identifiers with Selective Routing Adjuncts ("ALISAs"), which will then be located in two separate, selected locations in the new territory Frontier is acquiring from Verizon in this transaction. *Id.* at 6. These ALISAs will serve the territories transferred in this transaction and will be maintained by the same

network for West Virginia, only the SR in Maryland will not be transferred to Frontier. Instead, as the WV PSC recognized, Verizon has rearranged its network to mate the West Virginia SRs in northern West Virginia in a redundant three SR design.<sup>11</sup>

The WV PSC, in approving the Transaction, found the “E-911 transfer plan proposed by the Applicants [to be] reasonable” and stated that it was “satisfied that the E-911 plan presented by the Applicants will provide effective telecommunication service to public service answering points and the community-at-large.”<sup>12</sup> The WV PSC also conditioned the Transaction on two safeguards to further ensure the safety and reliability of E911 in West Virginia. First, “Frontier shall provide the same E911 functionality as currently provided by Verizon WV after closing of the transaction” – a commitment that Frontier had previously made voluntarily.<sup>13</sup> Second, Frontier will file a report on or before November 1, 2010 describing, *inter alia*, the integration of E-911 services, including “any problems encountered with E-911 service and the operation of the reconfigured routers.”<sup>14</sup>

The Applicants have undertaken great effort to ensure that West Virginia’s post-transaction E911 network will continue to be highly redundant and reliable. Frontier has committed to maintaining the same network, the same functionality, and the same E-911 personnel as Verizon WV. The Applicants’ plan was thoroughly reviewed by both the E911 Council and the West Virginia PSC, and the network changes implementing that plan are substantially complete. The transaction will have no adverse impact on E-911 in West Virginia.

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Verizon personnel currently maintaining them, who will continue their role as Frontier employees after the transaction closing. *Id.*

These ALISAs will each in turn be connected to redundant Database Management Services (“DBMS”) systems, which will also be located in two separate, selected locations. As with the ALISAs, these DBMSs will be maintained by Verizon personnel, who will continue their role as Frontier employees after the transaction closing. The database administration functions for these systems, including the database integrity checks and Master Street Address Guide (MSAG) validation process, which are performed by the two DBMCs located in West Virginia, will continue to be provided by these same Verizon DBMC teams, who will continue their employment with Frontier after transaction closing. *Id.*

<sup>11</sup> WV Order, at 20 (citing E911 Testimony Addendum attached to Smith/Buckley Direct). Each end office switch will be directly connected over dedicated E911 circuits to two of the three SRs, and the SRs will continue to send the E911 calls to the appropriate PSAP. The SRs will also continue to have the ability to perform PSAP routing by automatically overflowing the call, if needed, to another SR that has direct circuits to the PSAP. E911 Testimony Addendum at 7.

<sup>12</sup> WV Order at 21, 41.

<sup>13</sup> WV Order (Appendix A), paragraph 11; Commission Exhibit 1.

<sup>14</sup> WV Order (Appendix A), paragraph 24.

Marlene H. Dortch

May 18, 2010

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Sincerely,

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## **EXHIBIT A**

Direct Panel Testimony of  
Stephen E. Smith and Kathy L. Buckley  
on behalf of Verizon

Case No. 09-0871-T-PC

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**I. INTRODUCTION**

**Q. MR. SMITH, PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS, DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND, AND EXPLAIN YOUR CURRENT RESPONSIBILITIES WITH VERIZON.**

A. My name is Stephen Edward Smith. I am the Vice President of Business Development for the Domestic Telecommunications group of Verizon Communications Inc. ("Verizon"). My office is located at One Verizon Way in Basking Ridge, New Jersey, 07920.

I hold a Bachelors of Science degree in Business Administration from Georgetown University in Washington D.C. I have worked for Verizon or its predecessor companies for my entire professional career. As of July 2009, I had 30 years of service. During that time, I have filled roles in accounting, budget planning, financial analysis, strategic planning and business development.

In my current position, I identify, evaluate, and – if appropriate – recommend and execute business development for the group of companies that comprise Verizon's Domestic Telecommunications Group. Business development can take many forms, including mergers, acquisitions, dispositions, joint ventures, strategic partnerships and more. I have been in my current role for Verizon since 2000.



1   **Q.   MS. BUCKLEY, PLEASE STATE YOUR NAME, TITLE AND BUSINESS**  
2       **ADDRESS, DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**  
3       **BACKGROUND, AND EXPLAIN YOUR CURRENT RESPONSIBILITIES WITH**  
4       **VERIZON.**

5   **A.**   My name is Kathy L. Buckley and my business address is 1500 MacCorkle Avenue S.E.,  
6       Charleston, West Virginia 25314. I am Vice President – Public Policy for Verizon West  
7       Virginia, where I am responsible generally for regulatory and public policy matters.

8  
9       I received a Bachelor of Science degree in Civil Engineering from West Virginia Institute  
10      of Technology in 1982, and a Master's Degree in Business Administration from West  
11      Virginia Graduate College in 1992. I also hold a Master's Certificate in Project  
12      Management from George Washington University and a Certificate in Advanced  
13      Management from the Fuqua School of Business at Duke University.

14  
15      I began my career with Verizon WV (formerly Bell Atlantic – West Virginia, Inc, and  
16      before then, The Chesapeake and Potomac Telephone Company of West Virginia) in  
17      1982 as an Engineer in the Network Switching and Equipment Engineering Department.  
18      In 1990, I became responsible for coordinating statewide engineering and regulatory  
19      initiatives. I was promoted to Executive Director – Regulatory in 2000, and made Vice  
20      President – Public Policy in 2007.

21

1 I have testified before this Commission numerous times on behalf of Verizon.

2  
3 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

4 A. Our testimony describes the transaction and systems transition. Strategically, this  
5 transaction is part of Verizon's multi-year effort to transform its profile and asset base to  
6 focus on wireless, Internet Protocol networking, and FiOS deployment in its more  
7 densely populated areas. Strategically for Frontier, as Chief Operations Officer ("COO")  
8 Mr. McCarthy explains, the transaction furthers Frontier's decision to become the  
9 premier wireline provider in smaller urban and rural areas, with a particular focus on  
10 broadband availability and penetration. Strategically for West Virginia, Frontier is the  
11 ideal acquirer of Verizon's wireline assets in the state. To summarize our testimony  
12 below, as well as points that Frontier's COO explains in more detail in his testimony,  
13 Frontier is a particularly attractive and well-suited owner of our West Virginia company:

- 14 • ***West Virginia Experience.*** *Frontier is a leading and respected provider of*  
15 *telecommunications services here in West Virginia and across the country.* Frontier  
16 already has a rich history of serving West Virginia customers, has a proven track record  
17 with this Commission, and is dedicated to providing its customers high quality service at  
18 reasonable rates.  
19
- 20 • ***Core Business Strategy.*** *Frontier's core business plan is ideally suited to West Virginia.*  
21 Although Frontier will become the fifth-largest ILEC in America, its core business  
22 strategy will remain focused on smaller-to-moderate cities and rural areas. Frontier  
23 specializes in widespread broadband deployment, technologies, and services that are  
24 suited to these particular markets.  
25
- 26 • ***Broadband.*** *Frontier will increase broadband availability in West Virginia.* Frontier  
27 already has a proven record of achieving significantly higher broadband availability rates  
28 in its service areas, which are even more rural than the areas in West Virginia that it is  
29 acquiring from Verizon. Frontier delivers broadband to over 91 percent of the access

1 lines it serves in West Virginia, and roughly 90 percent nationally, compared to  
2 Verizon's 60 percent in West Virginia. Governor Manchin has repeatedly stated that  
3 increasing the availability of broadband service is one of his most important goals  
4 because of its effects on economic development and job growth. This transaction will  
5 help further this goal by promoting wider deployment of reliable broadband service in  
6 West Virginia.  
7

- 8 • ***Local Presence.*** *West Virginia will become a key strategic focus for Frontier.* Frontier  
9 WV has already served West Virginia for decades, and as the second largest ILEC in the  
10 state, currently provides service to approximately 144,000 access lines in 38 counties in  
11 its territory in the state. As a result of the combination of Frontier's already substantial  
12 presence in the state with Verizon's current service areas, West Virginia will become the  
13 largest state for Frontier, and Charleston, West Virginia will be Frontier's Southeastern  
14 regional headquarters, a major employment center for Frontier in the region.  
15
- 16 • ***Customers.*** *The transaction will not harm customers.* Existing retail and wholesale  
17 customers will continue to receive substantially the same services on the same terms and  
18 conditions under their existing contracts, agreements, and tariffs. For retail customers,  
19 Frontier will continue to provide local exchange and domestic interstate and international  
20 interexchange telecommunications and information services without any material  
21 reduction, impairment, or discontinuance of service to any customer. Frontier will honor  
22 existing tariffs and contracts, so that the transaction will be largely transparent to current  
23 customers in West Virginia, who generally will continue to receive the same services on  
24 the same terms.  
25
- 26 • ***Employees.*** *Frontier will manage its West Virginia operations with employees that have*  
27 *extensive knowledge of the local telephone business.* Frontier's current and experienced  
28 group of executives, including Maggie Wilderotter, Chairman and Chief Executive  
29 Officer, Don Shassian, Chief Financial Officer and Dan McCarthy, Chief Operating  
30 Officer, will continue to lead the Company following the completion of the transaction.  
31 Frontier Communications will honor the union's collective bargaining agreements in  
32 West Virginia and will continue to employ both the Frontier and the Verizon company  
33 employees, who are experienced and dedicated to the provision of local services in West  
34 Virginia. Verizon will fund pensions for employees moving to Frontier, and Verizon will  
35 remain responsible for people who retire from the transferred areas prior to closing.  
36
- 37 • ***Systems.*** *Frontier has a successful track record of acquiring, operating and investing in*  
38 *telecommunications properties nationally.* Frontier has successfully integrated systems,  
39 including over 750,000 access lines it purchased from Verizon and its predecessors  
40 between 1993 and 2000, and also including former GTE and Alltel properties here in  
41 West Virginia. And in recent years, Frontier has successfully integrated the operations

1 and operating systems of other telecommunications companies, including Rochester  
2 Telephone, Commonwealth Telephone and Global Valley Networks.  
3

4 West Virginia customers thus can look forward to their wireline needs being met by a  
5 company with experience in providing high quality service and expanding broadband  
6 availability.  
7  
8

9 **II. THE TRANSACTION**

10  
11 **Overview**  
12

13 **Q. PLEASE PROVIDE AN OVERVIEW OF THE TRANSACTION**

14 A. The essence of the transaction in West Virginia is that Verizon West Virginia Inc. will be  
15 transferred in its entirety from Verizon to Frontier. After the transfer, Verizon West  
16 Virginia will be renamed Frontier West Virginia. However, it will have the same tariffs  
17 and will offer substantially the same regulated retail and wholesale services under the  
18 same rates, terms, and conditions that exist today. West Virginia customers will  
19 transition to Frontier's billing and other systems at closing. Frontier has stated that these  
20 are existing, scalable, operating systems. In addition, the parties have agreed to plan for  
21 and test data transfer and integration prior to closing. In short, the transaction will have  
22 minimal impact on service to Verizon West Virginia's current customers.

1  
2 This holds true as well for the transfer of presubscribed long distance customers from  
3 Verizon Long Distance LLC (“VLD”) and Verizon Enterprise Solutions LLC (“VES”) to  
4 Frontier. Frontier has been providing long distance service in West Virginia and most  
5 other states for many years through its long distance operating company, Frontier  
6 Communications of America, Inc. (“FCA”). The affected long distance customers simply  
7 will be transferred from VLD and VES to a newly established long distance company that  
8 will be a subsidiary of Frontier and an affiliate of FCA. All customer transfers will be  
9 made in accord with the FCC’s and this Commission’s rules, and the new long distance  
10 company will offer substantially the same services under the same rates, terms, and  
11 conditions that exist immediately prior to the closing.

12  
13 **Q. WHY DID VERIZON DECIDE TO TRANSFER ITS OPERATIONS IN WEST**  
14 **VIRGINIA AND OTHER STATES TO FRONTIER?**

15 A. Verizon has decided to focus on its nationwide wireless operations, and on its wireline  
16 operations in states that have primarily high density markets. Several months ago,  
17 Frontier approached Verizon and expressed interest in acquiring Verizon’s access lines in  
18 particular states and areas that fit Frontier’s own business strategy, including West  
19 Virginia. In May, the parties reached agreement to transfer Verizon’s ILEC operations  
20 and certain long distance customers to Frontier in Arizona, Idaho, Illinois, Indiana,  
21 Michigan, Nevada, North Carolina, Ohio, Oregon, South Carolina, Washington, West

1 Virginia, Wisconsin, and a small number of access lines in California near the Arizona,  
2 Nevada, and Oregon borders.

3  
4 **Q. PLEASE DESCRIBE THE TRANSACTION IN MORE DETAIL.**

5 A. On May 13, 2009, Frontier, Verizon and New Communications Holding Inc. ("NCH")  
6 entered into an Agreement and Plan of Merger (the "Merger Agreement") under which  
7 Frontier, by issuing its stock in exchange for NCH stock held by Verizon shareholders,  
8 will acquire control of approximately 4.8 million access lines (and certain related assets)  
9 currently owned by subsidiaries of Verizon in the states listed above. The Merger  
10 Agreement is attached as Exhibit 1 to the Application. On the same date, Verizon and  
11 NCH entered into a Distribution Agreement (attached as Exhibit 2 to the Application).

12  
13 The Merger Agreement and Distribution Agreement are designed to: (a) establish a  
14 separate entity (i.e., NCH) as the holding company for Verizon's local exchange, long  
15 distance and related business activities in the acquired areas; (b) spin-off the stock of that  
16 new entity to Verizon shareholders; and then (c) immediately merge the new entity into  
17 Frontier. More specifically, the transaction will be completed through several steps:

- 18 a. NCH, which has already been formed as a subsidiary of Verizon, will serve as the  
19 holding company for the local exchange, long distance and related businesses in  
20 West Virginia and the other affected states that are being transferred to Frontier.  
21 As part of the transactions described below, NCH will be merged into Frontier.  
22 Frontier will be the surviving entity, and will then own and control the Verizon  
23 assets being transferred to it through the Transaction at issue here.  
24

- 1           b.     NCH has two newly formed subsidiaries: (a) New Communications ILEC  
2               Holdings Inc. (“NCIH”), which will own the stock of Verizon West Virginia and  
3               the other operating ILECs in the acquired areas; and (b) New Communications  
4               Online and Long Distance Inc. (“NewLD”), which will hold the accounts  
5               receivables, liabilities, and customer relationships related to the long distance  
6               operations (and other operations) in the service territories of Verizon West  
7               Virginia and of the other affected Verizon companies elsewhere.  
8  
9           c.     Through a series of intra-corporate stock transfers, the stock of Verizon West  
10               Virginia and the other affected ILECs will be transferred to NCIH.<sup>1</sup> Similarly,  
11               VLD and VES will transfer their accounts receivables and customer relationships  
12               related to their long distance operations in West Virginia and the other affected  
13               states to NewLD.<sup>2</sup>  
14  
15           d.     The stock of NCH will then be distributed to Verizon shareholders – that is, NCH  
16               will be “spun off” from Verizon to Verizon’s shareholders, and will be a separate  
17               corporation from Verizon. Immediately following this spin-off, NCH will be  
18               merged into Frontier, and Frontier will be the surviving holding company,  
19               operating under its existing name and corporate structure, but also owning all of  
20               the stock of NCH’s subsidiaries, NCIH and NewLD. Pursuant to this merger,  
21               Verizon shareholders will receive Frontier stock in exchange for their NCH stock.  
22               Once the merger is completed, NCH will cease to exist; thus, NCIH and NewLD  
23               will be direct subsidiaries of Frontier, and Verizon West Virginia will be an  
24               indirect subsidiary.  
25  
26

27           At the completion of the transaction, Verizon West Virginia will be a wholly-owned,  
28           indirect subsidiary of Frontier (albeit with the different name of Frontier West Virginia  
29           Inc.) and will continue to provide local exchange service in the territory it serves today.

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<sup>1</sup> The assets and business to be transferred to NCIH (as well as the assets and business that are not being transferred) are more fully described in the Distribution Agreement between Verizon and NCH. See Exhibit 2 to the Application.

<sup>2</sup> In addition to acquiring Verizon’s regulated local exchange and long distance business in the affected states, Frontier also will acquire certain unregulated businesses, including high speed Internet and, where provided, wireline video and broadband data (e.g., Verizon FiOS) services provided in these states.

1 Frontier also will own and control NewLD, which will provide long distance services in  
2 West Virginia.

3  
4 **The Transaction in West Virginia**

5  
6 **Q. PLEASE IDENTIFY THE AFFECTED VERIZON COMPANIES THAT**  
7 **OPERATE IN WEST VIRGINIA TODAY, AND THEN IDENTIFY THE**  
8 **COMPANIES THAT WILL OPERATE IN WEST VIRGINIA POST-**  
9 **TRANSACTION.**

10 A. Today, Verizon has three companies operating in West Virginia involved in this  
11 transaction: Verizon West Virginia, VLD and VES. Verizon West Virginia is an ILEC  
12 that serves approximately 617,000 access lines in a total of 142 wire centers. VLD and  
13 VES are long distance companies. Together, they provide long distance service to  
14 approximately 280,000 lines in West Virginia, and will transfer nearly all of these lines  
15 and associated customers to Frontier.

16  
17 After the transaction is completed, Verizon West Virginia (as Frontier West Virginia)  
18 will operate as an ILEC and NewLD will provide long distance services, both as  
19 subsidiaries of Frontier. VLD and VES will continue to operate in West Virginia as  
20 Verizon companies, providing certain long distance services to customers on lines that  
21 will be served by local carriers other than Frontier. They also will continue to offer all



1 the long distance services in the areas in which they currently operate. So, for example,  
2 if VLD transfers one of its customers to NewLD as part of the transaction, that customer  
3 may elect to return to VLD.  
4

5 **Q. WHAT REGULATORY AUTHORITY WILL THE COMMISSION HAVE OVER**  
6 **VERIZON WEST VIRGINIA AND NEWLD AFTER THE TRANSACTION IS**  
7 **COMPLETED?**

8 A. Upon completion of the transaction, the Commission will retain the same regulatory  
9 authority over the provision of regulated services by Frontier West Virginia and NewLD  
10 that the Commission possessed over Verizon West Virginia, VLD and VES prior to the  
11 transaction.  
12

13 The new Frontier-branded Verizon West Virginia will remain fully responsible for  
14 compliance with all applicable laws, rules and Commission orders as it is today. The  
15 Frontier-branded NewLD likewise will conduct business in West Virginia in accordance  
16 with all applicable laws, rules and Commission orders. As noted, upon closing, Frontier  
17 will change the names of Verizon West Virginia and NewLD, and it will make all  
18 necessary filings to accomplish the name changes. But all legal and regulatory  
19 obligations will remain the same as they are today.  
20

1   **Q.   HOW WILL THE TRANSACTION AFFECT ANY PENDING REGULATORY**  
2       **DOCKETS, COMPLAINTS, OR OTHER PROCEEDINGS INVOLVING**  
3       **VERIZON WEST VIRGINIA?**

4   A.   This transaction will not affect any of these proceedings. Verizon West Virginia (under  
5       its new name and ownership) will continue to be obligated to comply with Commission  
6       requirements arising out of those proceedings.

7  
8   **III.   THE TRANSITION OF SYSTEMS**  
9

10   **Q.   PLEASE DESCRIBE THE BACK-OFFICE SYSTEMS THAT VERIZON WEST**  
11       **VIRGINIA CURRENTLY USES FOR ITS OPERATIONS.**

12   A.   Verizon West Virginia uses a combination of regional computer systems that support the  
13       former C&P companies (Maryland, Washington DC, Virginia and West Virginia) and  
14       national systems supporting all of Verizon's local exchange companies. These systems  
15       support retail ordering and billing, CLEC ordering and billing, network monitoring and  
16       maintenance, and all customer support functions.

17  
18       This transaction will follow a process used in most successful consolidations within the  
19       industry today – Verizon will extract final data from its information systems and deliver  
20       that data to Frontier for use on Frontier's systems. That process is known as a "cutover"  
21       and is the subject of a Cutover Plan Support Agreement ("Cutover Agreement").

1

2   **Q.     PLEASE DESCRIBE THE GENERAL TERMS OF THE CUTOVER**  
3   **AGREEMENT.**

4   A.   First, the Cutover Agreement establishes a Cutover Planning Committee (“CPC”). The  
5   CPC is comprised of senior leaders from Verizon and Frontier (each will designate two  
6   representatives), who bring in additional subject matter experts as appropriate. The CPC  
7   is already discussing and planning cutover activities and will formulate a detailed  
8   schedule of cutover steps with related timelines. Second, each party will draft and deliver  
9   to the other party a detailed plan (“Cutover Plan”) that describes precisely what cutover  
10   activities it will perform, and how they will be performed. There are also pre-transaction  
11   transition support provisions under which Verizon will provide Frontier with essential  
12   business information regarding Verizon West Virginia, including information about file  
13   record layouts and test data extracts. Indeed, Verizon has already begun to deliver file  
14   record layouts and sample file data to Frontier, and the first full data extract will soon  
15   follow.

16

17   **Q:     WHAT WILL VERIZON’S CUTOVER PLAN CONTAIN?**

18   A.   Verizon’s Cutover Plan will describe in detail the specific business and systems  
19   deliverables for which Verizon will be responsible. It will describe the process Verizon  
20   will use for extracting data and transferring the data to Frontier, and it will include a

1 detailed schedule of deliverables. That schedule will be updated periodically and used by  
2 the parties to track progress in meetings and confirm activity completion.

3  
4 **Q. WHAT FORMAL PLANNING DOCUMENT WILL FRONTIER PROVIDE TO**  
5 **VERIZON?**

6 A. Frontier will deliver to Verizon a “Cutover Preparation Task Description.” That  
7 document will describe a plan for the receipt, conversion and conversion testing of  
8 Verizon’s test data extracts. This information will enable Verizon to better understand  
9 and therefore help Frontier satisfy its information needs and avoid any post-closing  
10 operational problems.

11  
12 **Q. WHERE IS THE CUTOVER PROCESS CURRENTLY?**

13 The parties are making good progress and working together jointly. The parties,  
14 beginning in early June, have met, formed the CPC, and held weekly meetings. Next  
15 steps include Verizon and Frontier each delivering to one another their respective  
16 versions of the Cutover Plan and the Cutover Preparation Task Description.

17  
18 **Q. IS THE CUTOVER PROCESS DESIGNED TO AVOID ANY OPERATIONAL**  
19 **DISRUPTIONS DURING OR AFTER THE SYSTEMS TRANSITION?**

20 A. Yes. Two Verizon transactions have been criticized because the purchasers had post-  
21 transition operational problems. Those are Verizon’s sale of control of its Hawaii

1 operations to The Carlyle Group in 2005, and the transfer of its New England operations  
2 to FairPoint Communications, Inc. last year. While the Hawaii and FairPoint  
3 transactions may appear to bear resemblance to this transaction on a superficial level – a  
4 large transfer of landlines from Verizon – there are numerous reasons to expect this  
5 transition to go much more smoothly.

6  
7 First, of course, the buyers are different. Frontier is a large, well-positioned and  
8 experienced provider of telecommunications services with a very successful track record  
9 of prior integrations, including integrating the former operations of GTE and Alltel into  
10 Frontier in West Virginia.

11  
12 Second, unlike the Hawaii and FairPoint transactions, Frontier already has an existing,  
13 end-to-end working suite of systems– and Frontier has stated that its systems are fully  
14 scalable. Thus as noted above, the conversion process is primarily a matter of  
15 transferring to Frontier customer data in the proper format.

16  
17 Third, Verizon will draw on its experience from its successful previous transactions with  
18 Frontier (formerly Citizens Telephone), Century Tel and Windstream (formerly Alltel),  
19 and Verizon has improved its process as a result of lessons learned from the challenges  
20 involved in the Hawaiian Telecom and FairPoint Communications transitions. These

1 improvements are reflected in the conversion process fashioned by the parties in this  
2 transaction, and in particular, the management process in this case is far more controlled.

3  
4 **Q. HOW DOES THE FACT THAT FRONTIER IS THE ACQUIRING COMPANY**  
5 **HELP ENABLE A SMOOTH TRANSITION?**

6 A. Frontier is already today a leading and respected provider of telecommunications services  
7 primarily to rural and small urban areas and some large urban areas across the country.  
8 Frontier has been the second largest ILEC in West Virginia for over a decade and  
9 therefore Frontier already knows how to operate a network in West Virginia.

10  
11 By contrast, in the Hawaii Telcom project, the acquirer was a private equity firm with no  
12 experience operating a telecommunications business. That acquirer was in the process of  
13 assembling a team to manage its new business even while the transaction was progressing  
14 toward state commission approval, closing and cutover. Frontier, on the other hand,  
15 already knows how to run its business, and therefore the parties are already focused on a  
16 smooth transition.

17  
18 Moreover, Frontier has considerable experience in integrating new operations *right here*  
19 *in West Virginia*. Frontier entered West Virginia in 1993 when it acquired the territory  
20 formerly served by GTE. In 1995 Frontier increased its investment in West Virginia by

1 purchasing the Alltel service territory. In both instances, the properties were smoothly  
2 integrated into Frontier's existing operations.

3  
4 Frontier also has a highly successful track record of acquiring, operating and investing in  
5 telecommunications properties nationally, including over 750,000 access lines it  
6 purchased from Verizon's predecessor between 1993 and 2000. And in recent years,  
7 Frontier has successfully integrated other telecommunications companies, including  
8 Rochester Telephone, Commonwealth Telephone and Global Valley Networks. In these  
9 transactions Frontier successfully consolidated different operating systems, including five  
10 different billing systems.

11  
12 **Q. HOW DOES THE CONVERSION PROCESS IN WEST VIRGINIA DIFFER**  
13 **FROM PREVIOUS CONVERSION EFFORTS?**

14 A. The acquisition of access lines is a fairly common occurrence within the  
15 telecommunications industry, and those conversion efforts are typically very smooth. As  
16 a general matter, integration usually involves the same sort of process that we have  
17 described for West Virginia. Verizon will identify the relevant customer data and furnish  
18 Frontier with data descriptions, data formats and layouts, and a series of full data test  
19 extracts from the Verizon systems which hold the data. Frontier will receive the test data,  
20 map it to its own comparable systems, and then load and test its systems to confirm that  
21 the data has been properly mapped. This is the same process Frontier has used in

1 previously successful acquisitions. Indeed, this is the same process successfully used by  
2 Verizon and Alltel (now Windstream) and CenturyTel with respect to former Verizon  
3 local exchange companies in Alabama, Kentucky and Missouri a few years ago, and the  
4 same process used by Verizon and Frontier (then, Citizens Telephone) during a  
5 successful conversion in the 1990's. Each of these conversions occurred with minimal  
6 complications.

7  
8 Significantly, in each of these cases, the transferring company was merely extracting data  
9 and transferring that data *to existing, tested, operational systems of the acquiring*  
10 *company*. Similarly, Frontier has existing operations in West Virginia, and existing  
11 systems on an existing platform that *actually* serves customers in West Virginia today.  
12 Their systems are tested and operational, and supported by existing user training  
13 programs and materials.

14  
15 Frontier's existing platforms, combined with its experience and expertise in integrations,  
16 including in West Virginia, are perhaps the most significant differences between this  
17 transaction and the conversion processes in the Hawaii and FairPoint projects. In both of  
18 those cases, the acquirers relied on using new systems, not yet operational, that were  
19 developed by and purchased from vendors which had little experience with Verizon's  
20 systems. Those two acquirers were still modifying, testing, and becoming familiar with



1        their systems even as the parties were attempting to complete the conversion and then  
2        operate after cutover.

3  
4        **Q.    HAVE VERIZON AND FRONTIER PROVIDED FOR COMMUNICATIONS**  
5        **BETWEEN THEM IN THE CONVERSION PROCESS?**

6        A.    Yes.    Both parties are required to prepare detailed plans regarding precisely what they  
7        will do during the cutover process.    Verizon and Frontier have also agreed to a  
8        communication process in order to provide feedback to Verizon specifically on the  
9        conversion and uploading effort by Frontier and to discuss any modifications to the  
10       extraction, delivery, conversion and/or uploading processes that may be necessary.  
11       These communications procedures – together with Frontier’s experience, expertise and  
12       timeliness, and the open communications and tight coordination between the parties –  
13       provide further assurance of a successful conversion.

14       **Q.    HOW WILL WHOLESALE OPERATIONAL SUPPORT SYSTEMS BE**  
15       **IMPACTED BY THE TRANSACTION?**

16       A.    Verizon and Frontier have in place a plan for smooth transition of OSS systems and  
17       operations so that wholesale customers will not experience disruptions in service, ordering, or  
18       billing. The same planned and controlled systems transition process that I describe above  
19       will include wholesale systems. After closing, current Verizon West Virginia wholesale  
20       customers – including competitors – will process orders using Frontier's OSS arrangements.

1   **Q.    HOW WILL THE TRANSACTION IMPACT 911 AND THE 911 SYSTEMS**  
2   **FRONTIER WILL USE TO SERVE WEST VIRGINIA.**

3   A.   As Mr. McCarthy also explains in his testimony on behalf of Frontier, there will be no  
4       change to the way West Virginia citizens experience 911. Moreover, Public Safety  
5       Answering Points (“PSAP”) will receive Automatic Location Identifiers with Selective  
6       Routing Adjuncts (“ALISA”), Database Management Services (“DBMS”) systems,  
7       monitoring and customer care services fully comparable to current services. As in  
8       Verizon’s network today, Frontier will maintain redundant selective routers, ALISAs, and  
9       DBMSs. In sum, West Virginia’s post-transaction E911 network will continue to be highly  
10      redundant and reliable.

11  
12      Frontier and Verizon understand the vital importance of the E911 network to West  
13      Virginia residents, and the companies have experience both in managing their respective  
14      E911 networks and transitioning customers from one network to another. The parties are  
15      focused on ensuring that West Virginia continues to receive highly reliable and redundant  
16      E911 services. To assist in understanding E911 and the transition process, Verizon  
17      provides fuller detail on its existing E911 network and the parties’ transition plans in the  
18      E911 Testimony Addendum, attached hereto as Exhibit VZ-1.

19  
20   **Q.    DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

21   A.   Yes.

**E911 TESTIMONY ADDENDUM**

**Q. Mr. Smith and Ms. Buckley, what is the purpose of including this addendum testimony?**

A. Verizon, Frontier, and West Virginia stakeholders share an interest in providing West Virginia a robust, reliable E911 network and ensuring a smooth transition from the existing network provider, Verizon, to Frontier. Because of both the importance and the highly detailed nature of the subject, Verizon desired to provide stakeholders some background on the existing network and the transition to Frontier.

**Q. Please describe how Verizon and Frontier provide E911 service in West Virginia today.**

A. Page 9 of this addendum contains a diagram depicting the E911 network in West Virginia today. In general, Verizon West Virginia acts as a statewide provider of E911 service, pursuant to the Miscellaneous Service Arrangements Tariff, P.S.C. – W.Va. – No. 211, Section 14, authorized by the Commission in Case No. 04-0102-T-GI. Verizon is phasing in rates under that tariff through December 31, 2010.<sup>1</sup>

---

<sup>1</sup> In addition, under arrangements also authorized by the Commission in Case No. 04-0102-T-GI, Frontier's current local exchange affiliate, Citizen Telecommunications Company of West Virginia d/b/a Frontier Communications of West Virginia Inc., provides a significant portion of the network and associated services in its service area, mainly trunking and data updating, for which it currently bills Verizon.

1 By way of background, E911 service provides the counties' Public Safety  
2 Answering Points ("PSAPs") with automatic number identification or "ANI" (the  
3 caller's telephone number) and automatic location identification or "ALI" (the  
4 caller's address) from the calling party so that emergency responders can locate  
5 the caller even if he or she is otherwise incapacitated. Verizon's E911 services  
6 include trunking, routing and features that enable these local governmental  
7 authorities to provide E911 service to residents in their counties. Local  
8 governmental authorities maintain and operate 39 PSAPs in Verizon's existing  
9 service territory (including 37 primary and 2 back-ups), 11 PSAPs in Frontier's  
10 existing service territory and one (1) in Armstrong Telephone's service territory  
11 that currently subscribe to Verizon's E911 service. In Frontier's current service  
12 territory, two (2) PSAP providers – in Calhoun and Mercer counties – do not  
13 subscribe to Verizon's E911 selective routing services. Instead, these PSAPs use  
14 direct trunking from Frontier for connectivity. Also, while the Mercer County  
15 PSAP subscribes to Verizon's ALI service, the Calhoun County PSAP uses its  
16 own on-site database.

17  
18 Verizon's wireline network includes a series of end office switches that serve  
19 Verizon's customers. Each end office switch is directly connected to a mated pair  
20 of tandem switches. There are three (3) mated pairs of tandem switches, with each  
21 pair serving one (1) of the three (3) Local Access and Transport Areas ("LATAs")  
22 in West Virginia. These switches aggregate E911 calls from the end offices and are  
23 referred to as selective routers ("SRs") or control tandems. The SRs automatically

1 route E911 calls to the PSAP that has jurisdictional responsibility for the caller's  
2 service address, irrespective of a telephone company's exchanges or wire center  
3 boundaries.

4  
5 As noted above and on the diagram on page 9, Verizon's 911 network architecture  
6 uses "mated" selective routers. Verizon has six (6) selective routers (3 mated pairs,  
7 with one pair in each LATA) that serve West Virginia. The mated selective routers  
8 are engineered to provide interflow and transfer of 911 calls between each other,  
9 but there is no overflow or transfer between LATAs. Every end office switch  
10 automatically routes 911 calls to the primary selective router over dedicated E911  
11 circuits. The end office switch forwards the calling party's ANI and voice call to  
12 the selective router, which then looks up the number in its selective routing  
13 database ("SRDB") to determine which PSAP is supposed to receive the call. This  
14 database is updated daily to associate every Verizon telephone number (and every  
15 telephone number of CLEC customers that access E911 via Verizon's selective  
16 router) with the emergency services number of the serving PSAP. Verizon's  
17 selective router switches incoming E911 calls to the circuit that serves the  
18 appropriate PSAP. In addition, Verizon has direct circuits from each of its selective  
19 routers in each LATA to every PSAP within its service territory in that LATA in  
20 West Virginia and to every PSAP in Frontier's and Armstrong's territories in West  
21 Virginia, with the exception of Calhoun and Mercer counties (as noted above). If  
22 the PSAP circuits are busy, each SR also has the ability to perform PSAP routing  
23 by automatically overflowing the call to the other (mated) SR that has direct circuits

1 to the PSAP.

2  
3 When a PSAP receives a call, the receiving telephone system automatically sends a  
4 request to one of two redundant Automatic Location Identifiers with Selective  
5 Routing Adjuncts ("ALISAs") locations via dedicated diverse digital circuits. The  
6 address or location information of the caller is returned to the PSAP.

7  
8 Each PSAP is directly connected to each of the two redundant ALISAs, which are  
9 maintained by Verizon. These ALISAs are each in turn connected to redundant  
10 Database Management Services ("DBMS") systems. The DBMS systems maintain  
11 an inventory of end-user customer name, address and location information. The  
12 ALISAs receive data base records from the DBMS and deliver that information to  
13 PSAPs. Database administration functions for these systems are performed by two  
14 Verizon Database Management Centers ("DBMC").

15  
16 Frontier provides circuits between end offices and PSAPs in its territory to LATA  
17 SRs, using meet-point arrangements. Frontier also sends end-user customer record  
18 information to Verizon today (in NENA-2 format) through Verizon's E911  
19 Information Manager, which is a web-based interface to Verizon's DBMS.

20  
21 **Q. Please describe how the E911 network will work after the transition to**  
22 **Frontier is completed.**

23 A. Verizon West Virginia, to be renamed Frontier West Virginia, Inc. will remain a

1 statewide provider of E911 services pursuant to the Miscellaneous Service  
2 Arrangements Tariff, P.S.C. – W.Va. – No. 211, Section 14. The rate phase-in  
3 through December 31, 2010 will remain in place. In addition, Frontier - Citizens  
4 will continue to provide its own portion of the network in the areas it serves.  
5

6 As Mr. McCarthy testifies, nothing will change in the portion of the network  
7 currently maintained by Frontier in its current service area.  
8

9 Similarly, in the newly renamed Frontier West Virginia service area, the existing  
10 E911 network elements will remain in place. This includes the end office switches  
11 that serve customers, the SRs that are located in West Virginia, and the circuits  
12 connecting these elements and the PSAPs.  
13

14 Of the SRs that currently serve Verizon's E911 network for West Virginia, only the  
15 SR in Maryland will not be transferred to Frontier. Instead, effective at the time of  
16 the closing of the transaction, Verizon intends to rearrange its network to mate the  
17 West Virginia SRs in northeastern West Virginia in a redundant three SR design.  
18 Each end office switch will be directly connected over dedicated E911 circuits to  
19 two of the three SRs, and the SRs will continue to send the E911 calls to the  
20 appropriate PSAP. The SRs will also continue to have the ability to perform PSAP  
21 routing by automatically overflowing the call, if needed, to another SR that has  
22 direct circuits to the PSAP.  
23

1 In addition, by the closing of the transaction, Verizon will provide new circuits to  
2 directly connect each PSAP to each of the two redundant ALISAs, which will then  
3 be located in two separate, selected locations in the new territory Frontier is  
4 acquiring from Verizon in this transaction (the “Acquired Territories”). (These  
5 locations are, for homeland security reasons, confidential, but are being shared with  
6 appropriate West Virginia public safety personnel.) These ALISAs will serve the  
7 Verizon territories that are contemplated by the Frontier / Verizon transaction and  
8 will be maintained by Verizon personnel, who will continue their role as Frontier  
9 employees after the transaction closing. These ALISAs will each in turn be  
10 connected to redundant Database Management Services (“DBMS”) systems, which  
11 will also be located in two separate, selected locations in the Acquired Territories.  
12 (Again, these locations are, for homeland security reasons, confidential, but are  
13 being shared with appropriate West Virginia public safety personnel.) As with the  
14 ALISAs, these DBMSs will be maintained by Verizon personnel, who will continue  
15 their role as Frontier employees after the transaction closing. The database  
16 administration functions for these systems, including the database integrity checks  
17 and Master Street Address Guide (MSAG) validation process, which are performed  
18 by the two DBMCs located in here in West Virginia, will continue to be provided  
19 by these same Verizon DBMC teams, who will continue their employment with  
20 Frontier after transaction closing.

21  
22 **Q. Please describe the transition process with respect to E911 and the E911**  
23 **systems Frontier will use to serve West Virginia.**



1 A. Frontier and Verizon understand the vital importance of the E911 network to  
2 West Virginia residents, and the companies have experience both in managing  
3 their respective E911 networks and transitioning customers from one network to  
4 another. Both Verizon and Frontier are highly confident of transition success.  
5 The changes that are contemplated are either (a) extensions of Verizon/Frontier  
6 processes that exist today, or (b) pre-transaction closing service rearrangement  
7 activities that Verizon will model after the database and monitoring services that  
8 Verizon delivers today.

9  
10 As Mr. McCarthy testifies, post- transaction, Frontier will assume the surveillance  
11 across the former Verizon territories. Today, Frontier already sends ANI and ALI  
12 end-user records to the Verizon DBMS. Post-transaction closing, Frontier will  
13 continue to send such records to the DBMS, which it will then own and control.

14  
15 As described above, Verizon will – in advance of transaction closing - re-architect  
16 the DBMS, ALISA and Maryland SR serving West Virginia. However, such  
17 rearrangement will be modeled after the design that Verizon successfully follows  
18 today, will be in place in advance of and fully operational at the time of  
19 transaction closing and will be operated by Verizon personnel who will continue  
20 their employment with Frontier after transaction closing.

21  
22 In sum, the parties are focused on ensuring that West Virginia continues to  
23 receive highly reliable and redundant E911 services.

1

2

3 **Q. Please describe the effect of the transition of the E911 network on end-users**  
4 **and PSAP customers.**

5 A. There will be no change to the way West Virginians experience 911 today.

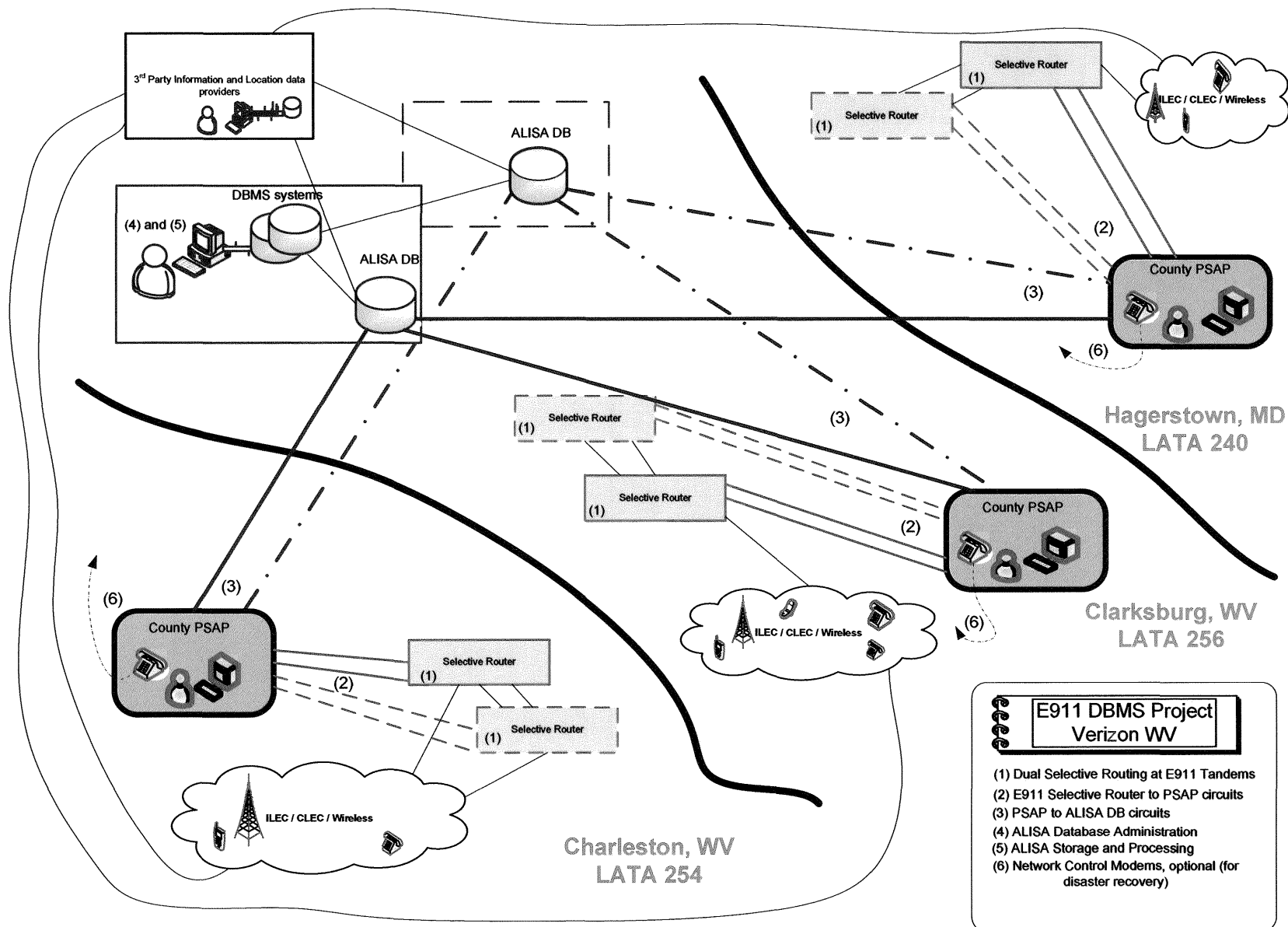
6 Moreover, PSAPs will receive ALISA, DBMS, monitoring and customer care

7 services fully comparable to current services. As in Verizon's network today,

8 Frontier will maintain redundant selective routers, ALISAs, and DBMSs. In sum,

9 West Virginia's post-transaction E911 network will continue to be highly redundant

10 and reliable.



## **EXHIBIT B**

**PREPARED DIRECT PANEL TESTIMONY OF**

**DANIEL MCCARTHY**

**EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER**

**AND**

**J. MICHAEL SWATTS – WEST VIRGINIA**

**AREA GENERAL MANAGER**

**ON BEHALF OF**

**FRONTIER COMMUNICATIONS CORPORATION**

**CASE NO. 09-0871-T-PC**

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23

**Q. Mr. McCarthy, please state your name, title and business address, describe your educational and professional background, and explain your current responsibilities with Frontier.**

A. My name is Daniel McCarthy. I am Executive Vice President and Chief Operating Officer of Frontier Communications Corporation. My business address is 3 High Ridge Park, Stamford Connecticut, 06905.

I hold a Bachelors degree in Marine Engineering from the New York Maritime College in Fort Schuyler, N.Y. and an MBA from the University of Phoenix.

I have been with Frontier Communications and its predecessor companies<sup>1</sup> since 1990. I originally joined the company's Kauai, Hawaii electric division and then in 1995, I assumed responsibility for Citizens' energy operations in Flagstaff, Arizona. I was Vice President, Citizens Arizona Energy from April 1998 to March 2001. From March 2001 to November 2001, I was Vice President and Chief Operating Officer of Citizens Public Services sector, responsible for the company's energy and water operations. I was President and Chief Operating Officer, Public Services Sector from November 2001 to January 2002. From

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<sup>1</sup> In 2008, the Company changed its name from Citizens Communications Company to Frontier Communications Corporation. In 2000, the Company changed its name from Citizens Utilities Company to Citizens Communications Company to reflect the fact that the Company was divesting its non-communications utility operations and focusing its operations on communications services.

1 January 2002 to December 2004, I held the position of Senior Vice President,  
2 Broadband Operations of Frontier and was President and Chief Operating Officer  
3 of our former Competitive Local Exchange Carrier (CLEC) affiliate, Electric  
4 Lightwave.<sup>2</sup> I was Senior Vice President, Field Operations for Frontier from  
5 December 2004 to December 2005. I was named Executive Vice President and  
6 Chief Operating Officer of Frontier on January 1, 2006.

7  
8 **Q. Mr. McCarthy, what are your duties as Chief Operating Officer of Frontier?**

9 A. As Chief Operating Officer I am responsible for Frontier's operations including  
10 engineering, network operations, installation and maintenance and customer  
11 service in the 24 states where Frontier currently operates. I am responsible for  
12 reviewing Frontier's investments and expenses for both facilities and operations,  
13 and closely monitor the Company's revenues and profitability. Each of Frontier's  
14 three Regional Senior Vice Presidents and General Managers (East, Central, and  
15 West regions) report to Mr. McCarthy. In my present position, I am also  
16 responsible for all of Frontier's regulatory affairs and compliance requirements at  
17 the federal, state, and local levels.

18  
19 **Q. Mr. Swatts, please state your name, title and business address, describe your**  
20 **educational and professional background, and explain your current**  
21 **responsibilities with Frontier.**

---

<sup>2</sup> On July 31, 2006, Frontier completed the sale of its CLEC affiliate Electric Lightwave LLC.



1     A.     My name is J. Michael Swatts. My business address is 300 Bland Street,  
2           Bluefield, West Virginia 24701. My title is Area General Manager for Frontier's  
3           West Virginia properties.

4           I have an A.S. degree in Electrical Engineering and a Bachelor of Arts degree  
5           from Bluefield State College.

6  
7           I began my telecommunications career with GTE in 1971 in the engineering  
8           department. Over the past 38 years, I have held various management positions in  
9           Engineering, Public Affairs, Legislative Affairs, Industry Relations and  
10          Regulatory. From 1986 to 1993, I was responsible for all legislative and  
11          regulatory functions in West Virginia and Virginia. Following Frontier's  
12          acquisition of the GTE properties in 1994, I became Frontier's Regulatory  
13          Director for West Virginia and Tennessee. With the acquisition of the Alltel  
14          properties in West Virginia and Tennessee, I assumed responsibility for the  
15          regulatory functions in those properties as well. In the mid-90's, when Frontier  
16          engaged in the long distance resale business nationwide, I assumed regulatory  
17          responsibility for the southeastern United States. As a result of acquisitions in the  
18          mid-west, I also assumed regulatory and legislative responsibilities for the state of  
19          Nebraska for a period of time. In July of 2007 I assumed my current role as Area  
20          General Manager for the West Virginia territory.

21

22     **Q.     Mr. Swatts, what are your duties as Area General Manager of Frontier West**  
23     **Virginia?**

1 As the Area General Manager for Frontier's West Virginia operations, I am  
2 responsible for directing operations in the state and for ensuring the company's  
3 mission and values are achieved. I have direct profit and loss ("P&L")  
4 responsibility and provide leadership to supervisory staff and a workforce of field  
5 technicians. I am responsible for successfully driving change to create a  
6 customer focused, competitive workforce. This position also plays a critical role  
7 with the sales, marketing and regulatory organizations in monitoring the  
8 competitive landscape, evaluating new business opportunities, developing  
9 strategies and implementing proactive marketing initiatives. A key requirement  
10 of the job is to ensure all internal and external customer requirements and needs  
11 are met. I am ultimately responsible for service results, service delivery,  
12 customer relations, employee relations, community relations and media relations.

13  
14 **Q. What is the purpose of your testimony?**

15 A. Our testimony will address the following areas and topics:

- 16 • An overview of Frontier Communications and its experience in providing  
17 high quality telecommunications services in 24 states;
- 18 • An overview of the telecommunications industry today and my opinions  
19 regarding changes confronting the industry in the next several years;
- 20 • A discussion of Frontier's proposed transaction with Verizon and an  
21 explanation of Frontier's financial soundness following this transaction;  
22 and
- 23 • A discussion of the effect of the transaction on customers, operations,  
24 employees, systems, and investment, including why the proposed  
25 transaction does not adversely affect the public in West Virginia.  
26  
27  
28  
29  
30

1    **Q.    Please summarize why the Commission should approve the transaction.**

2    A.    The transaction makes sense for Frontier, Verizon, and most importantly, the  
3           transaction makes sense for West Virginia. It will bring clear, tangible and  
4           significant benefits to current Verizon West Virginia customers and to West  
5           Virginia as a whole.

6  
7           ***First,*** Frontier plans to increase broadband availability in West Virginia. Frontier  
8           already has a proven record of achieving significantly higher broadband  
9           availability rates in its service areas across the country and in West Virginia,  
10          including areas which are even more rural than the areas in West Virginia that it is  
11          acquiring from Verizon. Increasing broadband availability in West Virginia will  
12          be a business imperative for Frontier, both to provide an added revenue source  
13          and to stem the rate of line losses to competitors.

14  
15          ***Second,*** Frontier will extend its innovative customer service programs to the  
16          newly acquired areas, thus encompassing almost all of West Virginia. An  
17          example is Frontier's program to assist new subscribers of broadband services by  
18          sending a technician to a customer's home to set up service and ensure that  
19          consumers are comfortable navigating the Internet and using High-Speed Internet  
20          services in the home. Frontier has also made promotional offerings available to  
21          customers whereby the customer is provided with a computer to access available  
22          broadband when the customer signs up for Frontier telephone and High-Speed  
23          Internet promotional offerings with a term commitment.

1  
2 **Third**, Frontier will focus on West Virginia as a key strategic state. Of the 27  
3 states in which Frontier will operate after the transaction closes, West Virginia  
4 will have the largest number of access lines, constituting approximately 11% of  
5 Frontier's total access lines. The combined Charleston-Huntington market will be  
6 in the top five largest metropolitan areas served by Frontier. Frontier will locate  
7 its Southeastern regional headquarters here, making it a major employment center  
8 for the Company. It will be the hub for engineering, technical, operational and  
9 executive personnel for Frontier's operations in West Virginia, Tennessee, North  
10 Carolina, South Carolina, Mississippi, Alabama, Georgia and Florida. Frontier's  
11 acquisition of Verizon West Virginia will put West Virginia at the forefront of  
12 Frontier's business strategy of bringing "big-city" communications services to the  
13 communities it serves.

14  
15 **Fourth**, the transaction will transform Frontier, strengthening its balance sheet  
16 through a substantial decrease in its ratio of debt to EBITDA, a 25% reduction in  
17 its shareholder dividend and a reduced dividend payout ratio. This stronger  
18 financial structure and increased cash flow will provide the financial flexibility  
19 Frontier needs to make the investments in West Virginia it deems necessary to  
20 improve its ability to compete and provide expanded services, including in  
21 broadband infrastructure. The transaction will increase Frontier's size and scale  
22 so as to enable more efficient operations and to allow it to better serve its  
23 customers in West Virginia.

1  
2 *Fifth*, the transaction will not harm customers. Rather, customers will receive  
3 substantially the same services on the same terms and conditions, under existing  
4 contracts and tariffs. Furthermore, Frontier has a proven track record of  
5 successfully acquiring and integrating telecommunications systems, including the  
6 former GTE and Alltel properties in West Virginia.

7  
8 In short, this transaction will give West Virginia more broadband availability,  
9 more customer choices, and a company with a strategic focus on West Virginia's  
10 markets.

11  
12 **I. OVERVIEW OF FRONTIER COMMUNICATIONS CORPORATION**

13 **Q. Please provide background on Frontier Communications Corporation.**

14 A. Frontier Communications Corporation ("Frontier"), a publicly traded Delaware  
15 company (NYSE: FTR), is a highly regarded, full-service communications service  
16 provider and is one of the largest local exchange telephone companies in the  
17 country. Frontier was originally incorporated in November 1935.

18  
19 Frontier offers telephone, television, and Internet services, as well as bundled  
20 offerings, wireless internet data access, data security solutions, and specialized  
21 bundles for small/medium/large businesses and home offices to customers in 24  
22 states. Frontier's current service territories are located in Alabama, Arizona,  
23 California, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Michigan, Minnesota,

1 Mississippi, Montana, Nebraska, Nevada, New Mexico, New York, Ohio,  
2 Oregon, Pennsylvania, Tennessee, Utah, West Virginia, and Wisconsin.  
3

4 **Q. Describe the types of markets or areas where Frontier provides service.**

5 A. Frontier provides services to small and medium-sized cities and rural areas.  
6 Frontier's areas include mid-sized communities and suburban areas such as  
7 Rochester, New York, the west and south metropolitan area of Minneapolis/St.  
8 Paul, and Elk Grove, California (a suburb of Sacramento). During the last ten  
9 years, Frontier has grown to become a substantial presence in the rural local  
10 exchange carrier segment of the telecommunications market through the targeted  
11 acquisition of rural companies, and the successful integration of operations and  
12 support functions. Frontier has effectively and efficiently grown its operations  
13 three-fold over this time.  
14

15 **Q. Summarize the types of services provided by Frontier.**

16 A. Frontier is typically the incumbent carrier and provider of last resort in the  
17 markets it serves and provides the "last mile" of telecommunications services to  
18 residential and business customers in these areas. We believe that the key to  
19 Frontier's continued success is focus on its core mission: "*...to be the leader in*  
20 *providing communications services to residential and business customers in our*  
21 *markets.*" We provide our customers with a variety of services including:

22 \* local exchange services,

23 \* network access services,

- \* data and Internet services,
- \* long distance services
- \* directory services, and
- \* television services (through an agency relationship with DISH Network).

Frontier's Incumbent Local Exchange Carrier ("ILEC") subsidiaries currently serve approximately 2.8 million voice and broadband connections, including 2.25 million telephone access lines in twenty-four states.

**Q. Please provide a break down, by state, of the number of telephone access lines served by Frontier?**

A. Frontier owns and operates more than 50 separate ILECs that provide service in 24 states. Frontier's subsidiary, Frontier Communications of America, Inc., is a reseller of interexchange service authorized to provide service in each of the states where Frontier's ILECs operate (along with several other states). Attached as Exhibit 3 to the Joint Application was a corporate organizational chart showing pre- and post-transaction organization charts, including each of the Frontier local exchange carriers to be acquired by Frontier as part of the proposed transaction. The following chart identifies the number of access lines the Frontier operating companies served as of December 31, 2008, in each state:

Alabama	25,980
Arizona	145,241
California	143,871
Florida	3,746
Georgia	19,167
Idaho	20,035
Illinois	97,461

Indiana	4,647
Iowa	44,891
Michigan	19,102
Minnesota	210,983
Mississippi	5,474
Montana	7,659
Nebraska	43,106
Nevada	23,701
New Mexico	8,001
New York	683,880
Ohio	552
Oregon	12,626
Pennsylvania	427,489
Tennessee	79,014
Utah	21,718
West Virginia	143,982
Wisconsin	62,007
<b>TOTAL Access Lines:</b>	<b>2,254,333</b>

1

2 **Q. Please describe Frontier's operations in West Virginia.**

3 A. In West Virginia, Frontier owns and operates Citizens Telecommunications of  
4 West Virginia d/b/a Frontier Communications of West Virginia. Frontier is the  
5 state's second largest incumbent local exchange carrier and is well known to the  
6 Commission, the Staff and the Consumer Advocate Division. Frontier provides  
7 local telecommunications service to approximately 144,000 access lines in 38  
8 counties in West Virginia.

9

10 **Q. What is the current status of the Frontier broadband deployment in the**  
11 **areas where Frontier currently operates?**

12 A. As noted above, Frontier operates in 24 states. In these states, Frontier owns and  
13 operates 330 host and 695 remote switches. Digital Subscriber Line (DSL)



1 service (referred to as High-Speed Internet or “HSI” in the Frontier product set)  
2 has been deployed in 1017 (99.3%) of the 1025 Frontier host and remote  
3 switches. Over the last eight (8) years, Frontier has made network investments in  
4 equipment and facilities and has made broadband services available to over 90%  
5 of the households in its service territory. In West Virginia, over the last several  
6 years Frontier has completed the deployment of DSL equipment and facilities in  
7 every one of its West Virginia host/remote switches and Frontier currently has  
8 made High-Speed Internet service available to approximately 92% of the  
9 households in its West Virginia service territory.<sup>3</sup>

10

11 **Q. Describe some of the features and services Frontier makes available with its**  
12 **High-Speed Internet services.**

13 A. Some of the additional features that we provide to our High-Speed Internet  
14 customers include:

15 Frontier Secure Connections

16 Frontier and Computer Associates (a market leader in PC-based protection) have  
17 partnered to provide PC-based security services that include Anti-Virus, Personal  
18 Firewall, Pop-Up Blocker, Anti-Spam and Anti-Spyware. The entire security suite  
19 of services is made available to residential Frontier High-Speed Internet  
20 subscribers and allows customers to manage their networks and protect their PCs

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<sup>3</sup> In the Joint Application filed with the Commission on May 29th, Frontier identified 91% broadband availability in West Virginia. That figure was based on December 31, 2008 data. Based on June 30, 2009 data and ongoing projects to deploy additional facilities in West Virginia, the broadband availability figure is 91.6%. In the accompanying testimony filed by Billy Jack Gregg, Mr. Gregg explains that Frontier currently makes broadband service available to 94% of its residential customers. The 94% percentage is based on a percentage of Frontier customers; whereas Frontier’s broadband availability calculation of approximately 92% is based on households in Frontier’s service area. The difference in percentages is due to the fact that the number of households exceeds the number of Frontier residential customers as a result of some households in Frontier’s service area not subscribing to Frontier’s service and therefore not being Frontier customers.

1 against viruses, hacking and other network threats. Frontier Secure Connections  
2 security software is available at no additional charge to Frontier High-Speed  
3 Internet residential customers who are currently within at least a one-year term  
4 plan and is also available to others for a nominal monthly fee.

5  
6 Frontier Portal

- 7 • Search engine from Yahoo ensuring users get comprehensive search  
8 results.
- 9 • Content from over 75 Content Providers for news, weather, sports, and  
10 entertainment, so users can stay current.
- 11 • Personalization of the home page, including layout, background, fonts,  
12 colors, pictures, and content so the page looks the way our users want.
- 13 • Tools to help users to lead a more informed, and in some cases, more fun,  
14 digital lifestyle (e.g. reminders, dictionaries, and daily diversions)
- 15 • Pop-up ad blocking is available so users can cut through third-party  
16 marketing clutter to get to the content they want.
- 17 • Customer privacy tools along with Frontier Secure Connections to ensure  
18 users can participate online in a safe environment.

19  
20  
21 **Q. Describe Frontier's Peace of Mind service.**

22 A. Frontier's Peace of Mind Service is a service that provides computer backup and  
23 restoration services to customers. There are three different tiers of service  
24 available to customers:

- 25 • *Hard Drive Backup* – Unlimited storage for one PC or Laptop, files are  
26 encrypted before leaving computer, automatic backup every time a file is  
27 added, updated or edited, and remote storage.
- 28  
29 • *Hard Drive Backup and Unlimited Tech Support* – In addition to the Hard  
30 Drive Backup option, this tier includes wireless network set up, diagnostic  
31 and repair, printer and most other peripheral setup and troubleshooting,  
32 full PC tune-up and security check for PC or laptop using Hard Drive  
33 Backup, iTunes installation and training, experienced, domestic US based  
34 support staff available to answer questions and provide support.
- 35  
36 • *Hard Drive Backup, Unlimited Tech Support and Inside Wire* – Available  
37 to Frontier local exchange customers only, this bundle adds the additional

1 protection of inside wire repair to Hard Drive Backup and Unlimited Tech  
2 Support.  
3

4 **Q. Describe actions Frontier has undertaken to ensure customers can use the**  
5 **High-Speed Internet broadband services that Frontier makes available to**  
6 **them.**

7 A. In order to provide an opportunity to generate a return on our investment in the  
8 broadband network infrastructure Frontier has deployed, our strategy is to create  
9 promotions that increase adoption by enabling all segments of our customer base  
10 to experience the benefit of our broadband offerings where they previously may  
11 not have had such an opportunity or could not afford the services. As an example,  
12 Frontier determined that a sizeable percentage of our customer base (up to 40% of  
13 our customers in some rural areas) did not have a personal computer (PC) in their  
14 household. Obviously, access to a PC is key to crossing the digital divide and  
15 using the broadband capability to receive next generation services.

16  
17 With this concern in mind, in 2006, Frontier created a promotion titled: "Free  
18 Ride" pursuant to which any customer who purchased Frontier's voice and HSI  
19 package during the promotional period at a bundled discounted rate with a 2-year  
20 commitment received a free Dell brand PC. Frontier subsequently offered similar  
21 promotions in 2007 and early 2009 which enabled customers to receive a free PC  
22 or laptop computer. As a result of these offerings, Frontier has provided over  
23 85,000 computers to its customers and has increased the ability of its customers to  
24 use our broadband services.

1

2 **Q. Describe Frontier's process for ensuring customers can effectively use the**  
3 **High-Speed Internet services they purchase from Frontier.**

4 A. Frontier seeks to ensure that each customer is able to enjoy the benefits of  
5 Frontier's service offerings without inconvenience by performing "full installs" of  
6 its products in the customer's home. Under this program, instead of mailing an  
7 installation kit to a customer's home, a Frontier technician will go to the  
8 customer's location and perform a full installation of the High-Speed Internet  
9 service. The technician will also make sure that the PC is set up correctly and  
10 show the customer how to access the Internet and their email.

11

12 **Q. Please identify some of the actions Frontier has undertaken to provide**  
13 **additional service and value to its existing customers.**

14 A. Frontier has taken significant steps to increase the value delivered to its customers  
15 by providing new products and enhancements to its traditional offerings through a  
16 strategy of integrating services through bundled offerings and through  
17 promotional offerings.

18

19 Frontier has undertaken extensive customer analysis and research to create  
20 residential and business offerings that provide feature and cost benefits across all  
21 socio-economic demographics. These offerings have been successful in our  
22 existing markets, and we plan to bring this same level of attention and options to  
23 customers to the areas being acquired from Verizon.

**II. OVERVIEW OF THE TELECOMMUNICATIONS INDUSTRY TODAY  
AND THE NEED FOR CARRIERS TO MAKE STRATEGIC CHOICES**

**Q. What is your current view of the telecommunications industry and the challenges facing ILECs?**

A. The telecommunications industry is in the information age – delivering voice, data, and video at ever-increasing speeds and in an increasing number of ways. The ILEC - once the monopoly provider of local voice services - has been facing a growing number of competitors year over year. Competition now comes from many different forms: from wireless providers and cable companies, as well as facilities-based providers and resellers. Consumers now have an expanded view of what telecommunications means, and today cable and satellite make up an increasing portion of the product spectrum.

Policymakers who envisioned and encouraged competition in the telecommunications industry should be able to look at the current marketplace as a success. Competition has evolved in areas not originally envisioned; not only in densely populated urban areas but in rural areas as well. Consumers have been the primary beneficiaries of this competition. They have seen a growth in options of service providers, the introduction of new technologies and services, and the ability to purchase their voice, data and video services from a single provider. While this change has generally been good for the industry and for the consumer, it has created challenges to ILECs like Frontier and Verizon that built and

1       invested in telecommunications networks for years before competition,  
2       broadband, and Voice Over Internet Protocol were even considerations. ILECs  
3       like Frontier and Verizon are faced with growing competition, access line losses  
4       and regulatory disparities that make it increasingly challenging to compete on a  
5       level playing field. In recent years, Frontier has had annual access line losses as  
6       high as 7% on a company wide basis and Verizon has recently experienced  
7       approximately 10% annual loss of its access lines in the service areas Frontier is  
8       proposing to acquire.

9  
10      The competition facing ILECs today is not just the small start-up that was so  
11      frequently seen immediately following the enactment of the 1996  
12      Telecommunications Act. Today, the primary competition is coming from the  
13      national wireless providers and established cable providers, each of whom are  
14      subject to significantly less regulation and many of which have significantly  
15      greater resources than Frontier.

16  
17      Wireless carriers continue to take advantage of their national networks to create  
18      calling plans that allow unlimited calling without usage-based charges for long  
19      distance calling. This, combined with the mobility offered by wireless service has  
20      moved this service from an “add-on” to local wireline service to a vigorous  
21      competitor; indeed, many customers are disconnecting landline service and  
22      relying only on wireless. This is increasingly true with the younger generation of  
23      customers. Today there are more wireless subscribers in the U.S. than there are

1 traditional phone lines. In addition, changes in technology and regulation now  
2 allow cable television providers to compete directly with telephone companies.

3  
4 **Q. What is the result of this new environment?**

5 A. This increase in competition and wireless substitution for landlines has led ILECs  
6 to reevaluate how they operate their businesses. Competition has forced ILECs to  
7 operate more efficiently and find ways to deliver a greater variety of services.  
8 Customer retention and creating value are now part of the everyday strategy for  
9 Frontier and for all ILECs. With these market changes, size, scope, and clear  
10 focus on strategic choices have become increasingly important.

11  
12 **Q. What do you mean when you say that the telecommunications industry is**  
13 **requiring increasingly clear strategic choices?**

14 A. As competition increases in various markets, strategic clarity regarding the  
15 markets that a company will target and where it can most productively deploy its  
16 resources becomes critical if it is to maintain its financial health and maximize  
17 returns for its shareholders. As a result, large carriers are asking themselves  
18 about whether to maintain or divest non-strategic assets, and potentially how to  
19 rededicate those cash flows from their remaining operations to more focused  
20 strategic objectives, such as national wireless platforms, broadband and new video  
21 services, all of which are capital intensive.

1 Because capital resources are limited, ILECs will continue to target resources into  
2 the most strategic operations. Smaller markets, particularly markets where the  
3 customer line density is lower, may require a different kind of operator with a  
4 strategic focus that is distinguished from service to denser and more national  
5 markets.

6  
7 **Q. What do you mean that smaller markets require a different kind of focus?**

8 A. Wireline telecommunications service for smaller markets requires targeted  
9 investment, products, local presence within their communities, dedication to  
10 relatively higher penetration of broadband in less-dense regions, and collaboration  
11 with local policymakers. What may be deemed as a small or secondary market to  
12 a nationally diversified provider can be a key growth market for a more  
13 specialized provider. Frontier has experience in providing that focus in smaller to  
14 mid-sized markets, while at the same time successfully serving larger markets in  
15 the same state.

16  
17 **Q. Why is Frontier seeking to complete the proposed transaction with Verizon?**

18 A. Frontier sees the proposed transaction with Verizon as an opportunity to build on  
19 its successful experience in providing communication services to a myriad of  
20 types of communities. It is no secret that competition and the current economic  
21 downturn have created challenges for all ILECs. Frontier feels the proposed  
22 transaction will ensure that the Company is large enough and has the financial  
23 wherewithal to weather challenges from competitors as well as economic



1       uncertainty. As we will explain more fully below, acquiring the Verizon  
2       exchanges that are the subject of this transaction will increase the number of  
3       Frontier customers, the company's revenue, improve its balance sheet and free up  
4       additional cash to bring expanded services to Verizon's exchanges in West  
5       Virginia.

6  
7       **III. FINANCIAL SOUNDNESS OF THE TRANSACTION**

8  
9       **Q. Please provide background regarding Frontier's current financial status.**

10      A. Frontier has a strong income statement and balance sheet and is financially  
11      qualified to complete the Verizon acquisition and to operate the acquired  
12      properties. A copy of Frontier's most recent 10-K (filed February 27, 2009 for  
13      year ended December 31, 2008) and 10-Q (filed May 07, 2009 for quarter ended  
14      March 31, 2009), filed with the Securities and Exchange Commission are attached  
15      as Exhibit 1 and Exhibit 2, respectively. The following is a summary of Frontier's  
16      current financial status:

- 17      • Revenue and Income. In 2008, Frontier's revenue was \$2.2 billion, with a net  
18      income of \$182.7 million. For the first quarter of 2009, Frontier's revenue  
19      was \$538 million, with a net income of \$36.3 million.
- 20      • Cash Generation. We continue to grow Free Cash Flow through further  
21      growth of broadband and value-added services, productivity improvements,  
22      and a disciplined capital expenditure program that emphasizes return on  
23      investment while delivering enhanced and broadband services to all markets.

1 For 2008 and through March 31, 2009, Free Cash Flow was \$493.2 million  
2 and \$146.1 million, respectively.

3 • Stockholder Value. During 2008, we repurchased \$200.0 million of our  
4 common stock and paid shareholders an annual dividend of \$1.00 per  
5 common share. The Company's dividend represented a payout of 65% of the  
6 free cash flow generated in 2008.

7 • Growth. During the first quarter of 2009, we added approximately 20,100  
8 new High-Speed Internet customers and as of March 31, 2009 we had  
9 approximately 600,000 High-Speed data customers and approximately  
10 771,000 customers subscribed to a bundle or package of services. In 2005, we  
11 began offering a television product in conjunction with DISH Network. The  
12 Company added approximately 26,000 video customers during the first  
13 quarter of 2009 and at March 31, 2009 we had approximately 146,000  
14 customers buying a package of telephone and video services.

15

16 **Q. You previously explained that Frontier is a financially solid operating**  
17 **company today - will the projected financial status for Frontier improve**  
18 **following the closing of the proposed transaction with Verizon?**

19 A. Yes. Not only will Frontier continue to be financially strong following the  
20 closing of the proposed Verizon transaction, its financial position will be  
21 improved. By deleveraging its balance sheet and by decreasing both its per-share  
22 dividend payout and dividend to free cash flow payout ratio, Frontier will emerge  
23 from this transaction as a stronger, more robust competitor with a financial

1 structure and level of cash flow that will enable it to make investments in the  
2 acquired service territories, including in broadband, and to provide even more  
3 efficient service in these areas.

4  
5 **Q. Please summarize the key service and financial metrics for the combined**  
6 **company.**

7 **A.** The following is a summary of some of the critical service and financial metrics  
8 for Frontier and the combined company following the proposed transaction.

9 **Summary Financial Comparison**  
10

2008 Statistics	Frontier Standalone	Frontier Pro Forma
Access Lines	2,250K	7,050K
Revenue	\$2,250M	\$6,525M
EBITDA	\$1,200M	\$3,125M
CAPEX	\$290M	\$700M
Free Cash Flow	\$500M	\$1,400M
Net Debt	\$4,547M*	\$8,005M
Net Leverage	3.8x	2.6x
Dividend/Share	\$1.00	\$0.75
Dividend Payout Ratio**	64.6%	43.0%

11  
12 Note: Data pro forma for the year ended December 31, 2008, except as noted.

13 • \* As of 3/31/2009

14 • \*\* Defined as dividends divided by free cash flow

15 As we explain below, the combined company will be financially stronger than a  
16 standalone Frontier in several critical respects.

17  
18 **Q. Explain the projected changes in Frontier's free cash flow following the**  
19 **completion of the proposed transaction?**

1 A. On a pro forma basis for 2008, the combined company would have had free cash  
2 flow of over \$1.4 billion, as compared to approximately \$500 million for Frontier  
3 on a stand-alone basis. Free cash flow is defined as after-tax cash from operations  
4 less cash for capital investments. The transaction will result in significant free  
5 cash flow accretion in the second full year of operation.  
6

7 **Q. Has Frontier revised its dividend policy that will take effect after the**  
8 **proposed transaction is completed?**

9 A. Yes. At the discretion of its Board of Directors, Frontier currently pays an annual  
10 cash dividend of \$1.00 per share of Frontier common stock. After the closing of  
11 the proposed transaction, Frontier intends to change its dividend policy to pay an  
12 annual cash dividend of \$0.75 per share of Frontier common stock, reducing its  
13 dividend by 25% – from \$1.00 to \$0.75 per share – effective with the close of the  
14 transaction. This will result in the ratio of Frontier's dividend payout of its free  
15 cash flow decreasing from almost 65% on a standalone basis to approximately  
16 43% on a pro forma basis for 2008. Frontier believes that this dividend policy,  
17 and associated reduced dividend payout ratio, affords the combined company the  
18 financial flexibility to use the additional free cash flow to invest in the newly  
19 acquired Verizon territories, offer new products and services, and increase  
20 broadband capability in its markets over the next few years.  
21

22 **Q. What effect will the transaction have on Frontier's leverage ratio?**

1 A. As a result of the acquisition of Verizon, Frontier's leverage ratio (net debt  
2 divided by earnings before interest, taxes, depreciation and amortization, or  
3 EBITDA) is projected to decrease from 3.8 times to 2.6 times, which is  
4 approaching investment grade. This will provide Frontier with improved access to  
5 the capital markets, thereby increasing Frontier's flexibility to further manage its  
6 balance sheet and/or invest in new products and services for its customers.

7

8 **Q. Do you anticipate that Frontier will be able to attract additional capital, if it**  
9 **seeks to do so?**

10 A. Based on our financial analysis, we project that following the transaction Frontier  
11 will be able to generate significant free cash flow, and will be able to attract  
12 additional capital, if necessary, to continue to provide high quality service and  
13 effectively expand broadband deployment over time. Given the solid ratios, the  
14 improving capital structure and the size of the company following the proposed  
15 transaction, we expect that the capital markets will continue to be open to us  
16 should we need to access them. In fact, two credit rating agencies (Moody's and  
17 Fitch) put Frontier on a positive credit watch the day the proposed transaction was  
18 announced, thereby suggesting Frontier's credit rating may improve following the  
19 closing of the transaction, based upon the projected capital structure. See Exhibit  
20 3.

21

22 **Q. Does Frontier have the financial capability to maintain and continue to invest**  
23 **in existing facilities and to expand broadband deployment over time?**

1 A. Yes. As explained above, Frontier is already in a strong financial position and the  
2 transaction will only strengthen that position because it is substantially  
3 deleveraging, will significantly increase free cash flow, and will result in a more  
4 sustainable dividend payout ratio. As a result, Frontier will have the financial  
5 flexibility and resources to make the needed investments in the network and to  
6 expand broadband deployment over time.

7  
8 **Q. Does the transaction present additional financial opportunities for Frontier?**

9 A. Yes. In Frontier's view, the transaction presents numerous opportunities for  
10 further value creation and increased revenues. Frontier's key metrics in its  
11 current service territories -- which are more rural than the ones it is acquiring in  
12 this transaction -- exceed those of Verizon in the acquired territories. In  
13 particular, while Verizon has recently experienced access line losses of  
14 approximately 10% in the service areas Frontier is acquiring from Verizon,  
15 Frontier's rate of access line loss has been approximately 7%. Frontier's  
16 penetration rate for key services surpasses Verizon's in the acquired territories:  
17 Approximately 69% for long distance as compared to approximately 46% for  
18 Verizon; approximately 25% for High-Speed Internet access as compared to about  
19 20% for Verizon, and approximately 9% for satellite television service versus  
20 approximately 5% for Verizon. In time, following the transaction, Frontier  
21 expects that it will be able to bring its product and service penetration in the  
22 acquired areas much closer in line to its performance in its current service areas,  
23 resulting in more services for customers and greater revenue.

1    **IV.    THE EFFECTS OF THE TRANSACTION**

2  
3    **Q.    Please describe the overall effects of this transaction on customers and West**  
4    **Virginia.**

5    A.    As discussed below, the proposed transaction will create a range of benefits for  
6    West Virginia. These benefits include access for more customers to advanced  
7    communications and information services such as broadband Internet, more  
8    locally focused customer service, and competitive pricing of new bundled service  
9    offerings tailored to the desires of new Frontier customers. Frontier will invest in  
10    the Verizon West Virginia network and take necessary steps to meet all its  
11    regulatory obligations, including the Retail Service Quality Plan. Initially,  
12    however, customers will see little immediate difference, since Verizon's West  
13    Virginia operations under Frontier's management and control will continue to  
14    offer the same services, under the same tariffs and contracts, and will be subject to  
15    the same oversight of this Commission.

16  
17    **A.    Broadband**

18    **Q.    What percent of households in Frontier's current West Virginia territory are**  
19    **broadband capable?**

20    A.    Over the past several years, Frontier's network investments in West Virginia have  
21    enabled it to achieve broadband availability of approximately 92% of the  
22    households in its service area. In contrast, only about 60% of the homes in  
23    Verizon's West Virginia service areas have access to Verizon's broadband

1 service. Frontier's plan is to focus on and invest over time in network facilities to  
2 allow it to significantly increase the levels of broadband availability in these  
3 areas.

4  
5 In order to accomplish this task, Frontier is in the process of identifying the areas  
6 in West Virginia in which broadband can be reasonably and economically  
7 deployed on a timely basis. Frontier, of course, will not be able to immediately  
8 deploy broadband-capable infrastructure to all areas. Therefore, as with most  
9 network investment plans of this magnitude, we have to make decisions, based on  
10 the relevant business case scenarios, on where to deploy such infrastructure first.

11 We are currently in the process of determining where we will augment the  
12 broadband network first, but in typical deployment schedules we build out to  
13 areas where we can reach the highest number of customers most quickly.

14 Nonetheless, over time, we would expect that Frontier will be able to significantly  
15 increase broadband deployment levels in the acquired Verizon territories in West  
16 Virginia which are on average more densely populated than the areas Frontier  
17 currently serves in West Virginia.

18  
19 **Q. Why is the expansion of broadband an important objective of Frontier?**

20 A. From Frontier's business perspective, providing broadband service to the  
21 unserved or underserved customers in the acquired areas is a key driver of this  
22 transaction and presents a significant business growth opportunity. The provision  
23 of broadband service to more customers will be an important source of additional



1 revenue and key to reducing the 10% yearly access line loss Verizon has recently  
2 been experiencing in the service areas Frontier is acquiring across the country  
3 (significantly higher than the approximately 7% loss Frontier experienced in its  
4 service areas in 2008). The success of this transaction from the perspective of  
5 Frontier's shareholders depends in part on Frontier being able to increase  
6 broadband availability in the service areas it will acquire from Verizon. It will  
7 allow Frontier to increase the services and bundles of services it can make  
8 available to customers. Frontier's track record of investing in network  
9 infrastructure over the last eight (8) years to make broadband service available to  
10 over 90% of the households in its service territory across the country and in West  
11 Virginia service territory reflects its commitment to the deployment of broadband  
12 in rural areas and its core belief that such deployment is critical to its business  
13 model and its ability to retain customers.

14  
15 **Q. Please summarize the federal Broadband Stimulus Funding Program under**  
16 **the American Reinvestment and Recovery Act of 2009.**

17 A. This is a federal grant and loan program, to be administered by the Rural Utility  
18 Service (RUS), a division of the Department of Agriculture; and the National  
19 Telecommunications and Information Administration (NTIA), a division of the  
20 Department of Commerce. In addition to the program's goal of providing direct  
21 stimulus to the U.S. economy, it is intended to further the national goal of  
22 strengthening the nation's broadband infrastructure and improving broadband  
23 utilization, particularly in rural areas.

1

2       The program provides a total of \$7.2 billion in grants and loans for both  
3       investments in infrastructure and adoption programs. NTIA will be responsible  
4       for distributing \$4.7 billion to meet project goals, with the remaining \$2.5 billion  
5       to be administered through the RUS. Generally, the grant program provides 80%  
6       of the total project cost with the applicant making the remaining 20% investment.  
7       The grants and loans are issued in three separate application and review periods.

8

9       **Q.    What is the current status of the federal Broadband Stimulus Funding**  
10       **Program?**

11      A.    RUS and NTIA issued a joint Notice of Funds Availability (NOFA) on July 1,  
12      2009. The notice details the process for the first round of Broadband Stimulus  
13      Funding grants and loans. The first application period is open from July 14  
14      through August 14, 2009. Awards will begin to be announced around November  
15      7. The timing of applications for the second and third rounds have not yet been  
16      finalized or released by RUS and NTIA but the second and third application  
17      periods are expected to occur in fourth quarter 2009 and second quarter 2010,  
18      respectively.

19

20      **Q.    What type of projects does Frontier anticipate it will request funding under**  
21      **the program?**

22      A.    In the initial funding window, Frontier expects to seek funding for projects that  
23      will help increase availability to some of the limited areas in Frontier's properties

1       that do not have access to broadband. Frontier expects to request funding for both  
2       last mile and middle mile projects to expand broadband penetration within the  
3       unserved and underserved markets that it serves. Frontier's "last mile" projects  
4       include provisioning DSLAMs and digital loop carriers within the local  
5       distribution network to extend availability of broadband services to more rural  
6       and sparsely populated areas of its exchanges, often areas with long loop lengths  
7       that are beyond 21,000 feet. The "middle mile" projects include re-enforcement  
8       of transport facilities to a Frontier wire center to support broadband services to the  
9       entire wire center.

10

11   **Q.    Has Frontier identified specific projects in its current West Virginia territory**  
12   **that it intends to submit applications for funding under the program?**

13   A.    Yes. At this time, Frontier has identified the following six potential projects in its  
14       West Virginia service territory that it is further evaluating and FOR WHICH IT  
15       currently plans to submit applications for funding:

Exchange Name	Description
Arnoldsburg, Belmont & Grantsville	Mid-Ohio Valley Region
Hacker Valley, Walkersville & Webster Springs	Mountain Lakes Region
Cameron & Pine Grove	Northern Panhandle Region
Branchland & East Lynn	Hatfield-McCoy Mountains Region
Bluefield, Frankford & Rupert	New River/Greenbrier Valley Region
Arborvale, Augusta, Burlington, Canaan Valley, Marlinton, Mill Creek & Parsons	Potomac Highlands Region

16

1    **Q.    Why is it important for the Commission to approve the Frontier acquisition**  
2           **of the Verizon exchanges so that Frontier can participate in the Broadband**  
3           **Stimulus Funding program?**

4    A.    With respect to the Verizon operations Frontier is proposing to acquire, as soon as  
5           practical after the transaction closes (and assuming the funding application  
6           window is open), Frontier would like to seek funding to expand broadband  
7           availability in areas where Verizon has not deployed broadband services. The  
8           service areas Frontier intends to acquire from Verizon have several areas that may  
9           qualify under NTIA and RUS definitions as underserved and unserved. The  
10          opportunity to seek and receive broadband funding for projects in these areas can  
11          be helpful in accelerating broadband deployment and assist in funding projects  
12          that would not otherwise be economically justified. While the timing of the  
13          applications period for the second and third rounds of funding is not yet  
14          definitively known, timely approval of the Frontier acquisition will increase the  
15          likelihood of Frontier being in a position to apply for funding in the rural portions  
16          of Verizon's service territory. Until the West Virginia Commission approves the  
17          proposed transaction however, it is unlikely that either RUS or NTIA will give  
18          serious consideration and priority to any Frontier funding application and request  
19          in Verizon's West Virginia service territory. This is one of the reasons why we  
20          have asked this and other Commissions to act expeditiously in their review of the  
21          proposed transaction.

22

23   **Q.    Is broadband availability an important policy for West Virginia?**

1     A.     Yes. The Governor has recognized that increasing the availability of  
2           telecommunications and broadband services is an important goal. Similarly,  
3           Congress and the President have made clear that providing broadband to unserved  
4           and underserved customers is an important national objective because of its  
5           effects on economic development and job growth. That is all the more so in rural  
6           areas where, for example, broadband service can unlock distance learning and  
7           telemedicine for areas lacking universities and hospitals. Frontier believes that  
8           state and federal communications policy will be advanced through the approval of  
9           this transaction. Frontier intends to provide a wide range of services in rural areas  
10          throughout the acquired properties, including broadband, which are comparable to  
11          the services found in urban regions and at rates comparable to those found in  
12          urban regions. Further, Frontier believes that its services will prove more  
13          “competitive”, as more extensive marketing and bundling of current products will  
14          be tailored to local preferences. Frontier has demonstrated its commitment to  
15          rural and small urban markets, and it is an industry leader in making broadband  
16          and other services available in these types of markets. Increasing service  
17          availability has been defined by national and state policymakers as one of their  
18          primary goals. This transaction advances that policy interest.

19     **Q.     Will Frontier make its future promotions, which include offering PCs to**  
20           **customers that sign up for promotional bundled service and High-Speed**  
21           **Internet packages, available in the Verizon service territories being**  
22           **acquired?**

1 A. Yes. After the closing of the proposed transaction, and subject to compliance  
2 with applicable Commission rules, Frontier plans to make the same promotions it  
3 makes available to its existing customer base, including, as described above, any  
4 future national promotion involving the provision of a laptop or PC with a  
5 Frontier phone and High-Speed Internet bundle, available to the customers in the  
6 Verizon West Virginia service territories it is acquiring.

7  
8 **Q. Will Frontier implement its process of deploying a technician to install High-**  
9 **Speed Internet service to new subscribers of broadband service in the**  
10 **Verizon service territories being acquired?**

11 A. Yes. While it will not happen on day one following the closing of the proposed  
12 transaction, it is Frontier's intention that over time it will implement the same  
13 process it utilizes in the existing Frontier properties to deploy a technician to the  
14 customer's home to install newly acquired High-Speed Internet service.

15  
16 **B. Customers**

17 **Q. What will be the immediate impact on retail customers following the**  
18 **transaction?**

19 A. Upon completing the transaction, existing retail customers will continue to  
20 receive regulated intrastate services on the same terms and conditions under their  
21 existing contracts, agreements, price lists and tariffs at the time of the closing, and  
22 the transfer will be closely coordinated to ensure a smooth transition. Frontier has  
23 no specific plans to make any changes to the services in West Virginia at closing.

1 With respect to retail customers, Frontier will continue to provide local exchange  
2 and domestic interstate and international interexchange telecommunications and  
3 information services after the closing of the transaction without any material  
4 reduction, impairment, or discontinuance of service to any customer. Frontier  
5 will honor existing tariffs and contracts to make the transition seamless for retail  
6 customers. This will ensure that the transaction will be transparent to current  
7 customers in West Virginia, who generally will continue to receive the same  
8 services on the same terms. The only significant change customers will see is a  
9 change in the name of their service provider from Verizon to Frontier.  
10

11 **Q. Will the transaction affect the services or rates of long distance customers?**

12 A. No. The seamless transition described above also holds true for the transfer of  
13 long distance customers. These customers will be transferred from VLD and VES  
14 to NewLD in accord with the FCC's and this Commission's rules, and NewLD  
15 will offer substantially the same services under the same rates, terms, and  
16 conditions that exist today. Over time Frontier intends to offer long distance  
17 customers new service choices that are currently available to Frontier's existing  
18 customers, as well as new products, promotions and services Frontier may make  
19 available in the future.  
20

21 **Q. Will the proposed transaction have any adverse impact on competition?**

22 A. No. None of the local exchanges being acquired by Frontier from Verizon overlap  
23 with any of the local exchanges already served by Frontier. Frontier's ILECs and

1 Verizon's ILECs do not currently compete for customers in any of the affected  
2 exchanges. However, in fact, Verizon's CLEC operations and its wireless  
3 business will continue to operate in West Virginia, including in the affected  
4 exchanges. Therefore, the transaction will not reduce the number of competitors  
5 in the affected exchanges.

6  
7 **Q. Will Frontier honor Verizon's existing wholesale obligations?**

8 A. Yes. The proposed transaction will not have adverse impacts on wholesale  
9 service customers in West Virginia. Frontier will assume or honor all obligations  
10 under Verizon's current interconnection agreements, wholesale tariffs, and other  
11 existing wholesale arrangements in addition to complying with the statutory  
12 obligations applicable to all ILECs. Specifically, Frontier will assume those  
13 interconnection agreements between Verizon and other carriers that relate to  
14 service within the areas it is acquiring from Verizon. Interconnection agreements  
15 of Verizon relating in part to service outside of those states will need to be  
16 modified to apply to Frontier and the other party in the respective states only, or  
17 those agreements will be replicated by Frontier with respect to one or more of the  
18 affected states, following discussion with and required notice to the affected  
19 parties. In the latter cases, however, Frontier stands ready to put in place new  
20 interconnection agreements on substantially the same terms and conditions, so as  
21 not to disrupt existing arrangements. As a result, wholesale customers will receive  
22 the same benefits in the aggregate following the transaction as those provided by  
23 Verizon prior to the transaction.



1

2 **Q. What will happen to Verizon West Virginia's obligations under the Carrier-**  
3 **to-Carrier ("C2C") Guidelines and Performance Assurance Plan ("PAP")?**

4 A. Nothing. After the transaction closes, Frontier will continue to comply with its  
5 obligations under the C2C Guidelines and PAP unless and until the Commission  
6 orders otherwise.

7

8 **Q. Will the transaction affect Frontier's existing operations and customers in**  
9 **West Virginia?**

10 A. No change will occur with respect to Frontier's existing operating entities in West  
11 Virginia, including Citizens Telecommunications of West Virginia d/b/a Frontier  
12 Communications of West Virginia and Frontier Communications of America,  
13 Inc., or with respect to any entity holding a controlling interest in them, because  
14 the control of these companies will remain with Frontier as it is today. These  
15 companies will continue to operate as separate entities under their existing tariffs  
16 and Commission regulatory requirements immediately following the transaction.  
17 Frontier's existing customers will continue to receive the same services, service  
18 rates, and service terms and conditions. The Commission's authority over the  
19 companies will be unaffected. The Frontier companies will continue to be  
20 obligated to comply with all existing Commission requirements, agreements, rules  
21 and regulations.

22

23 **C. Service Quality**

1     **Q.     What are Frontier’s objectives regarding customer service and service**  
2     **quality for the new Verizon service areas you are acquiring?**

3     A.     Frontier’s overarching objective will be to maintain and improve the service that  
4     is currently provided. This is a competitive business and Frontier will have to be  
5     a quality service provider in order to compete effectively. Frontier has been clear  
6     about the strategic imperative to provide a customer experience that meets or  
7     exceeds customer expectations. One of Frontier’s core principles is “To put the  
8     customer first.” The commitment to do so is a significant contributor to creating  
9     an environment where market share erosion can be slowed and new services  
10    successfully sold. Decisions will be made so as to give employees the tools to  
11    provide high levels of customer service and satisfaction.

12

13    **Q.     Are you aware of Verizon West Virginia’s current service quality**  
14    **requirements?**

15    A.     Yes. We are aware that Verizon West Virginia has a stipulated Retail Service  
16    Quality Plan adopted by the Commission in Case No. 08-0761-T-GI.

17

18    **Q.     Will Frontier comply with the Plan after the transaction?**

19    A.     Yes. After the transaction, Frontier, as Verizon West Virginia’s new owner, will  
20    continue with the Retail Service Quality Plan. Frontier may have different  
21    strategies and approaches to fulfilling the Plan and maintaining compliance –  
22    strategies that may evolve and allow it to improve the customers’ experience with

1 Frontier. As the nation's fifth-largest ILEC, Frontier will bring its own  
2 considerable resources and expertise to bear on compliance with the Plan.  
3 Indeed, Frontier has already proven to the Commission that it has the ability to  
4 provide quality service. It has not been the subject of any service quality  
5 investigation by the Commission, nor, to our knowledge, has the Commission  
6 contemplated such an investigation on our existing operations in West Virginia.  
7 We believe that Frontier has an excellent reputation with this Commission for  
8 service quality, particularly for understanding the challenges of serving the often  
9 more difficult rural areas. The Commission can expect that Frontier, as Verizon  
10 West Virginia's new owner, will improve service in the new territory that it is  
11 acquiring.

12  
13 **D. Employees**

14 **Q. Have the parties addressed employee matters?**

15 A. Yes, although it is not a regulatory issue, the parties have entered into an  
16 Employee Matters Agreement. For the Commission's information, the Employee  
17 Matters Agreement, without exhibits and schedules, is attached as Exhibit 4.

18  
19 **Q. Describe how the proposed transaction will impact Frontier and Verizon's**  
20 **existing employees.**

21 A. Frontier has committed to a process that is respectful of all employees – Frontier  
22 employees and Verizon employees, alike. The proposed transaction ensures fair  
23 and equitable treatment of the current Verizon employees affected by the

1 proposed transaction. Both Verizon and Frontier believe that this experienced  
2 labor force represents the key to serving customers, and it is fundamental that the  
3 companies support those employees.

4  
5 **Q. Please address the integration of Verizon company employees into Frontier.**

6 A. Overall, approximately 11,000 current Verizon employees will transition over to  
7 Frontier as part of the proposed transaction. In West Virginia, Verizon has about  
8 2000 employees in its landline operations. While Verizon and Frontier are still in  
9 the process of identifying some of the specific employees who will transition to  
10 Frontier, it is clear that the majority of the Verizon company employees who are  
11 experienced and dedicated to the provision of local services in West Virginia will  
12 become part of the Frontier team following the closing of the transaction. The  
13 customer service, network and operations functions that are critical to Frontier's  
14 success in providing high quality service will continue to work and provide  
15 service in West Virginia after the transaction is complete.

16  
17 **Q. What will happen with any collective bargaining agreements?**

18 A. Nothing. Frontier will honor the existing union labor agreements in West  
19 Virginia.

20  
21 **Q. Will Frontier be responsible for Verizon's current pension obligations for the**  
22 **transferred employees?**

1     A.     Yes. Under the terms of the Employee Matters Agreement, Frontier's pension  
2           plans will assume the pension liability associated with employees who are  
3           transferred and who are active at the time of the closing and pension assets of an  
4           equal value at closing will be transferred by Verizon to the Frontier pension plan.  
5           Verizon's pension plans will retain the pension obligations associated with  
6           employees who retire prior to the closing.

7  
8     **E.     Frontier's Senior Management and Regional Headquarters**

9     **Q.     Please identify the executive leadership team that will manage Frontier's**  
10           **operations following the closing of the proposed transaction.**

11    A.     The existing Frontier operations, along with the Verizon operations to be acquired  
12           by Frontier, will be managed by an experienced group of executives at Frontier.  
13           Frontier's senior management team will continue to manage the business of the  
14           combined company. In addition, Frontier expects to supplement its management  
15           team with members of Verizon's current regional management team who  
16           currently manage the Verizon business. Set forth below are the name, age and  
17           biographical information of each person who is currently expected to be a  
18           member of the combined company's senior management immediately following  
19           the completion of the proposed transaction.

- 20           •    *MARY AGNES WILDEROTTER*, 54, has been with Frontier since  
21                November 2004. She was elected President and Chief Executive Officer  
22                in November 2004 and Chairman of the Board in December 2005. Prior  
23                to joining Frontier, she was Senior Vice President—Worldwide Public  
24                Sector of Microsoft Corp. from February 2004 to November 2004 and  
25                Senior Vice President—Worldwide Business Strategy of Microsoft Corp.

1 from 2002 to 2004. Prior to that she was President and Chief Executive  
2 Officer of Wink Communications from 1997 to 2002.

- 3 • *DONALD R. SHASSIAN*, 53, has been with Frontier since April 2006. He  
4 is currently Executive Vice President and Chief Financial Officer.  
5 Previously, he was Chief Financial Officer from April 2006 to February  
6 2008. Prior to joining Frontier, Mr. Shassian had been an independent  
7 consultant since 2001, primarily providing M&A advisory services to  
8 several organizations in the communications industry. In his role as  
9 independent consultant, Mr. Shassian also served as Interim Chief  
10 Financial Officer of the Northeast region of Health Net, Inc. for a short  
11 period of time, and assisted in the evaluation of acquisition, disposition  
12 and capital raising opportunities for several companies in the  
13 communications industry, including AT&T, Consolidated  
14 Communications and smaller companies in the rural local exchange  
15 business. Mr. Shassian is a certified public accountant, and served for five  
16 years as the Senior Vice President and Chief Financial Officer of Southern  
17 New England Telecommunications Corporation and for more than 16  
18 years at Arthur Andersen, where his last position was as Partner-in-Charge  
19 of the Telecommunications Industry Practice for North America.
- 20 • *HILARY E. GLASSMAN*, 47, has been with Frontier as Senior Vice  
21 President, General Counsel and Secretary since July 2005. Prior to joining  
22 Frontier, from February 2003, she was associated with Sandler O'Neill &  
23 Partners, L.P., an investment bank with a specialized financial institutions  
24 practice, first as Managing Director, Associate General Counsel and then  
25 as Managing Director, Deputy General Counsel. From February 2000  
26 through February 2003, Ms. Glassman was Vice President and General  
27 Counsel of Newview Technologies, Inc. (formerly e-Steel Corporation), a  
28 privately-held software company.
- 29 • *PETER B. HAYES*, 51, has been with Frontier since February 2005. He is  
30 currently Executive Vice President, Sales, Marketing and Business  
31 Development. Previously, he was Senior Vice President, Sales, Marketing  
32 and Business Development from February 2005 to December 2005. Prior  
33 to joining Frontier, he was associated with Microsoft Corp. and served as  
34 Vice President, Public Sector, Europe, Middle East, Africa from 2003 to  
35 2005 and Vice President and General Manager, Microsoft U.S.  
36 Government from 1997 to 2003.
- 37 • *ROBERT J. LARSON*, 50, has been with Frontier since July 2000. He was  
38 elected Senior Vice President and Chief Accounting Officer of Frontier in  
39 December 2002. Previously, he was Vice President and Chief Accounting  
40 Officer from July 2000 to December 2002. Prior to joining Frontier, he  
41 was Vice President and Controller of Century Communications Corp.

- 1 • *CECILIA K. McKENNEY*, 46, has been with Frontier since February 2006.  
2 She is currently Executive Vice President, Human Resources and Call  
3 Center Sales & Service. Previously, she was Senior Vice President,  
4 Human Resources from February 2006 to February 2008. Prior to joining  
5 Frontier, she was the Group Vice President of Headquarters of Human  
6 Resources of The Pepsi Bottling Group, referred to as PBG, from 2004 to  
7 2005. Previously at PBG Ms. McKenney was the Vice President,  
8 Headquarters Human Resources from 2000 to 2004.
- 9 • *MELINDA WHITE*, 49, has been with Frontier since January 2005. She is  
10 currently Senior Vice President and General Manager of New Business  
11 Operations. Previously, she was Senior Vice President, Commercial Sales  
12 and Marketing from January 2006 to October 2007. Ms. White was Vice  
13 President and General Manager of Electric Lightwave from January 2005  
14 to July 2006. Prior to joining Frontier, she was Executive Vice President,  
15 National Accounts/Business Development for Wink Communications  
16 from 1996 to 2002. From 2002 to 2005, Ms. White pursued a career in  
17 music.

18 In addition, Mr. McCarthy is also expected to continue on the senior leadership  
19 team as the Chief Operating Officer.

20  
21 **Q. Have some specific plans been made regarding the organizational structure**  
22 **as it relates to West Virginia?**

23 A. Yes. West Virginia will be part of the new Southeast Region. The President for  
24 the Southeast Region will be located in Charleston and will report to Mr.  
25 McCarthy. Reporting to the President for the Region will be the Vice President  
26 and General Manager for West Virginia. Within each state, including West  
27 Virginia, Frontier will assign local General Managers with customer service and  
28 operations support for a group of communities in West Virginia. In West  
29 Virginia, Frontier will establish General Manager positions, which will be located  
30 in Morgantown, Wheeling, Huntington, Parkersburg, Charleston (2 General

1 Managers) and the South and East part of the State. These General Managers will  
2 be responsible for the day-to-day operations in their respective areas in West  
3 Virginia.

4  
5 **Q. Has Frontier made final decisions about staffing other management positions**  
6 **in West Virginia?**

7 A. Frontier has not made final decisions about other staffing, however, we will  
8 continue to work through an orderly planning process. There are several  
9 principles guiding our approach. The first core principle is that we will be a  
10 “customer-centered” organization. In other words, we will be primarily organized  
11 around the customer experience. Customer-centered functions include but are not  
12 limited to our general managers in the field, our professional installation and  
13 maintenance technicians in the field, inbound call and service centers and our  
14 sales teams.

15  
16 A second guiding principle is local decision making. As noted above, Frontier  
17 will have a Vice President and General Manager for West Virginia, and  
18 significant decision-making authority will reside in the State. Frontier will also  
19 place and retain General Managers in key strategic markets or clusters of  
20 communities in West Virginia. This model is significantly different than that  
21 utilized by many incumbent providers, who instead use a centralized management  
22 structure in one location. Frontier will continue to have a relatively flat  
23 organization, as we do now, meaning that there will be few layers between Mr.



1       McCarthy, as COO, the Southeast Region President, the West Virginia Vice  
2       President and General Manager, and the local general managers that will be  
3       running the Frontier operations in the communities we will serve. Consequently,  
4       decision makers will be accessible, and decisions will be timely and tailored to the  
5       specific needs of the communities and customers in West Virginia.

6  
7       Third, Frontier intends to extend to the new territories its local manager-based  
8       management structure focused on dedicating the necessary resources to benefit  
9       local operations and communities, and to ensure that the Company can achieve its  
10      objectives starting at the most local levels. Each local General Manager will be  
11      responsible for virtually all aspects of customer service, and operations for a  
12      cluster or group of communities in West Virginia. The local General Manager  
13      will influence and make decisions regarding capital expenditures and resources  
14      dedicated to their areas and will be responsible for customer sales, service and  
15      satisfaction. We believe that this commitment to local management will provide  
16      employees greater opportunities for internal advancement and professional  
17      development and will provide greater localized decision-making authority, for the  
18      benefit of both employees and consumers.

19  
20   **Q.   Please explain further how West Virginia's operations fit into the new and**  
21   **expanded Frontier.**

22   **A.**   As a result of the combination of Frontier's already substantial presence in the  
23   state with Verizon's current service areas, West Virginia will become the largest

1 state for Frontier. Charleston, West Virginia will be Frontier's Southeastern  
2 regional headquarters, and will be a major employment center for Frontier in the  
3 region. It will be structured similarly to Frontier's other regional headquarters  
4 throughout the country, and will be the hub for engineering, technical, operational  
5 and executive personnel for Frontier's operations in West Virginia, Tennessee,  
6 North Carolina, South Carolina, Mississippi, Alabama, Georgia and Florida.  
7 In addition, after the transaction, the day-to-day operations generally will be  
8 performed by the same people who perform them today. As a result, the existing  
9 customer service, network and operations functions in West Virginia will  
10 continue after the transaction is complete.

11  
12 **F. Network**

13 **Q. Please discuss Frontier's ability to operate a telecommunications network of**  
14 **the size and magnitude of Verizon West Virginia's network.**

15 A. Frontier is an experienced operator of wireline facilities. From an engineering  
16 and network operations standpoint, Frontier is familiar with the types of network  
17 assets deployed by Verizon. Transferring Frontier's experience to date in  
18 improving, operating, and maintaining telecommunications networks to the assets  
19 being acquired is a matter of scale and scope, not network technology.  
20 Frontier also has substantial experience in integrating dispersed operations into a  
21 cohesive business. Buying a company is only the first step - making the resulting  
22 larger operation operate effectively is the key. We have grown through *successful*  
23 acquisitions - through integrating companies into Frontier, through increasing

1 investment, service levels and offerings, and through having a significant local  
2 presence in the communities we serve.

3  
4 Frontier has had experience in completing sizeable acquisitions of telephone  
5 properties that were subsequently integrated with Frontier's existing operations.  
6 Frontier more than doubled its size from approximately 1 million access lines in  
7 1999 to approximately 2.5 million access lines in 2001, primarily through  
8 acquisitions. In 2000 we purchased from Verizon/GTE over 300,000 access lines  
9 in Minnesota, Illinois and Nebraska. In June 2001, Frontier purchased all of  
10 Global Crossing's local exchange carriers, which served approximately 1.1  
11 million telephone access lines.

12  
13 Thus Frontier not only has present experience running telecommunications  
14 companies (including here in West Virginia), it also has successfully acquired and  
15 integrated numerous other operations (again including here in West Virginia).  
16 And of course, generally the same employees operating Verizon West Virginia's  
17 network currently will be doing so after the closing of the transaction.

18  
19 **Q. What is Frontier's overall goal, from a network perspective, in owning and**  
20 **operating the acquired Verizon properties?**

21 A. Overall, Frontier plans to engineer and invest in a network capable of providing  
22 leading edge, state-of-the-art telecommunications products and services in  
23 response to customer needs. Frontier recognizes that a vibrant network is at the

1 core of the state's communications infrastructure. Frontier is prepared to  
2 undertake the task of keeping this infrastructure up-to-date and capable of  
3 providing the entire suite of communications applications – both existing and  
4 evolving – to large business customers as well as residential and small business  
5 customers.

6  
7 **Q. Please discuss Frontier's objectives for future investment in the network**  
8 **infrastructure in West Virginia.**

9 A. Our main objective in planning for network investment for the Verizon lines  
10 being acquired is to 1) ensure that we provide quality service, 2) significantly  
11 increase broadband availability, and 3) provide for future service demand.

12  
13 **Q. How will Frontier ensure that the Verizon network provides high quality**  
14 **services?**

15 A. Based on our review, we have estimated an amount of capital investment to be  
16 spent on the current network. This estimate is on a total transaction basis. State-  
17 specific plans and investment amounts have not yet been developed. We based  
18 our maintenance capital expenditure amounts partly on Verizon's historical  
19 experience and also on Frontier's historical experience. We also reviewed several  
20 key performance indices for the network to better inform our assessment of the  
21 current state of the network. This is the same procedure, albeit on a larger scale,  
22 that Frontier followed in all of its prior telephone acquisitions; we endeavor to  
23 determine what the steady-state capital requirements are for the network and

1 confirm that the network – at the estimated level of funding – is fully capable of  
2 meeting marketplace needs. In total, we expect ongoing maintenance capital  
3 expenditures to be in line with historical amounts spent by Verizon, but with  
4 increases above the historical average where circumstances require, such as any  
5 service quality improvement opportunities or the expansion of services. In many  
6 cases, increased investment in broadband deployment will have the dual benefit of  
7 upgrading the existing voice network.

8  
9 **Q. Why is Frontier well positioned to acquire and effectively operate the**  
10 **Verizon properties in West Virginia?**

11 A. Frontier's predominant business focus is delivering high quality wireline services  
12 over its own networks in smaller to mid-sized cities, in suburban markets and in  
13 rural America. Within Frontier, wireline network investment in these areas will  
14 not be competing for capital and management attention with a diverse array of  
15 other delivery platforms, with global enterprise services, or with more urbanized  
16 markets. Rather, Frontier's business plan depends on investing in and providing  
17 efficient service to customers in smaller and mid-sized communities, and it has  
18 implemented business practices, investment strategies, and customer service  
19 initiatives designed for customers in these service areas. Customers in the  
20 acquired areas will be a key strategic focus for Frontier and will benefit from  
21 Frontier's track record of successfully providing high-quality service in  
22 exchanges in smaller to moderately-sized cities and rural areas – experience well  
23 suited to serving West Virginia.

**G. Continuation of E911 Service**

**Q. Will the proposed transaction have an impact on E911 services?**

A. The proposed transaction will not have any adverse impact of the provision of E911 services in West Virginia. Both Frontier and Verizon understand the vital importance of the E911 network to the residents of West Virginia, and both parties have experience in managing their respective E911 networks. At transaction closing, Frontier will receive a fully redundant E911 network, with the rearrangement of the DMBS and ALISA databases and with the modifications regarding one Maryland selective router (“SR”) serving West Virginia. However, this rearrangement will be modeled after the same design that Verizon successfully follows today, will be in place and operational in advance of the transaction closing, and will be operated by Verizon personnel who will continue with Frontier after transaction closing. West Virginia therefore will continue to receive highly reliable and redundant E911 services. Frontier will have adequate resources and maintain these operations in compliance with the Commission’s rules in a manner that is transparent to customers. Accordingly, the transaction will not adversely affect the 911 system in West Virginia.

**Q. Specifically, Verizon is a statewide provider of E911 service today. How will the provision of E911 change with the transaction?**

A. Verizon’s witnesses explain how E911 service is provided by Verizon today. In general, Verizon West Virginia acts as a statewide provider of E911 service,

1 authorized by the Commission in Case No. 04-0102-T-GI and phasing in rates  
2 under that tariff through December 31, 2010. The rate phase-in through December  
3 31, 2010 will remain in place.

4  
5 In addition, under arrangements also authorized by the Commission in Case No.  
6 04-0102-T-GI, Frontier's current local exchange affiliate, Citizen  
7 Telecommunications Company of West Virginia d/b/a Frontier Communications  
8 of West Virginia Inc. provides a significant portion of the network and associated  
9 services in its service area, mainly trunking and data updating, for which it  
10 currently bills Verizon. With the transaction, nothing will change in the portion of  
11 the network currently maintained by Frontier in its current service area.  
12 Frontier will continue to provide its portion of the network in the current areas it  
13 serves.

14  
15 With respect to the portion of the network currently provided by Verizon, Frontier  
16 will provide all of the functionality of the current E911 network and the existing  
17 E911 network elements will remain in place. This includes the end office switches  
18 that serve customers, the Verizon SRs that are located in West Virginia, and the  
19 circuits connecting these elements and the public safety answering points  
20 ("PSAPs"). Of the six SRs that currently serve Verizon's E911 network, five of the  
21 SRs (except one SR located in Maryland) will be transferred to Frontier. In  
22 advance of closing of the transaction, Verizon will rearrange its network to mate the  
23 northern West Virginia SRs in a redundant three SR design. Each end office switch

1 will be directly connected over dedicated E911 circuits to two of the three SRs  
2 serving its LATA, and the SRs will continue to send the E911 calls to the  
3 appropriate PSAP. The SRs will also continue to have the ability to perform PSAP  
4 routing by automatically overflowing the call, if needed, to another SR that has  
5 direct circuits to the PSAP.

6  
7 In advance of the transaction closing, Verizon will provide new circuits to directly  
8 connect each PSAP to each of the two redundant Automatic Location Identifiers  
9 with Selective routing Adjuncts ("ALISAs"). These ALISAs will serve the  
10 Verizon territories that are affected by the Frontier / Verizon transaction and will be  
11 maintained by Verizon personnel, who will continue their role as Frontier  
12 employees after the transaction closing. These ALISAs will each in turn be  
13 connected to redundant Database Management Services ("DBMS") systems. As  
14 with the ALISAs, these DBMSs will be maintained by Verizon personnel, who will  
15 continue their role as Frontier employees after the transaction closing. The  
16 database administration functions for these systems, including the database integrity  
17 checks and Master Street Address Guide ("MSAG") validation process, which are  
18 performed by the DBMC located in Charleston, will continue to be provided by the  
19 same Charleston DBMC team after the closing.

20  
21 At closing, Frontier also will assume the surveillance, customer care and repair  
22 functions. From the perspective of either the PSAPs or end users calling 911, the  
23 services will be fully comparable to current services. In summary, Frontier will



1 receive from Verizon in the transaction, and thereafter will maintain, a highly  
2 redundant and reliable 911 network.  
3

4 **V. TRANSITION OF SYSTEMS**

5 **Q. Will Frontier use its own customer service and support systems for West**  
6 **Virginia after closing?**

7 A. Yes. Frontier already has its own back-office operations, business and customer  
8 service and support systems that it uses today to serve its current wireline  
9 customers in West Virginia. The acquisition of access lines or operations that are  
10 transferred over to the acquiring party's service and support systems is a fairly  
11 common occurrence in the telecommunications industry. As it has done for other  
12 properties and operations it has acquired over the years, Frontier will receive and  
13 place the Verizon West Virginia customer data and information on its existing  
14 systems to conduct its operations, business and customer service in West Virginia  
15 after closing of this transaction. The parties will work together to transfer to  
16 Frontier the customer data in the proper format and to load and test the customer  
17 records to ensure that an effective transition of customer information from  
18 Verizon to Frontier occurs. Verizon's witnesses Smith and Buckley address  
19 additional details of this "cutover" process in their Direct Panel Testimony.  
20

21 **Q. Describe Frontier's prior experience in acquiring and integrating other**  
22 **acquired companies.**

1     A.     Frontier has a highly successful track record of acquiring, integrating, operating  
2           and investing in telecommunications properties nationally, including over 750,000  
3           access lines it purchased from Verizon's predecessor GTE between 1993 and  
4           2000. In 2000, Frontier acquired over 300,000 access lines in Minnesota, Illinois  
5           and Nebraska.

6  
7           In fact, Frontier has considerable experience in integrating new operations here in  
8           West Virginia. Frontier entered the West Virginia market in 1993 when it  
9           acquired the territory formerly served by GTE. In 1995 Frontier increased its  
10          investment in West Virginia by purchasing the Alltel service territory. In both  
11          instances, the properties were smoothly integrated into Frontier's existing  
12          operations.

13  
14          In June 2001, Frontier purchased all of Global Crossing's local exchange carriers,  
15          which served approximately 1.1 million telephone access lines in Alabama,  
16          Florida, Georgia, Illinois, Indiana, Iowa, Michigan, Minnesota, Mississippi, New  
17          York, Ohio, Pennsylvania, and Wisconsin.

18  
19          More recently, Frontier acquired and successfully integrated Commonwealth  
20          Telephone Company in Pennsylvania and Global Valley Networks in California.  
21          The Commonwealth Telephone Company acquisition, which included over  
22          320,000 ILEC lines and over 100,000 CLEC lines, was completed in March 2007.

1 The Global Valley Networks acquisition was completed in October 2007, and  
2 included over 12,000 access lines.  
3

4 In each of the transactions described above, Frontier successfully integrated all of  
5 these businesses with its operations and consolidated different customer service  
6 systems.  
7

8 **Q. Please summarize the customer billing and service system conversion that**  
9 **Frontier completed in 2008.**

10 As noted above, today, each of Frontier's more than 50 different operating ILECs  
11 utilize the same customer service and billing platform. That was not the case  
12 three years ago. Beginning in 2007 and through 2008, Frontier converted and  
13 transitioned five different billing systems into one standard customer service and  
14 billing system. This system conversion included the newly acquired  
15 Commonwealth Telephone and Global Valley systems. More significantly, in  
16 2008, Frontier also converted more than 500,000 Rochester Telephone access  
17 lines to Frontier's standard customer service and billing system. Today, each of  
18 Frontier's operating companies, including Frontier's existing West Virginia  
19 affiliate utilizes the same customer service and billing system platform.  
20

21 **Q. Please summarize the actions Frontier has taken in the transaction with**  
22 **Verizon to avoid some of the operational problems or difficulties experienced**

1       **by other companies that have recently acquired access lines or operations**  
2       **from Verizon.**

3       A.     In negotiating and entering into the proposed agreement with Verizon to acquire  
4       operations in West Virginia and other states, Frontier was aware of and undertook  
5       efforts to ensure that it did not experience the same operational and systems  
6       problems and issues other carriers such as FairPoint Communications and  
7       Hawaiian Telcom encountered when they purchased access lines and operations  
8       from Verizon.

9  
10      Frontier recognized that FairPoint encountered operational problems with the new  
11      operations, business and customer care and billing systems it designed and built to  
12      completely replace Verizon's systems and to run the business it acquired.  
13      FairPoint's new and different systems for billing processes, order flow, and call  
14      center response for both retail and wholesale operations required FairPoint to  
15      migrate customer information and data from Verizon's systems to FairPoint's new  
16      systems. After FairPoint cut over its customer service functions from Verizon's  
17      system to FairPoint's new system, the problems occurred.

18  
19      Similarly, Hawaiian Telcom encountered problems with creating new systems.  
20      On April 1, 2006, Hawaiian Telcom cut over from the legacy Verizon systems to  
21      Hawaiian Telcom's new back-office and IT infrastructure. Hawaiian Telcom  
22      explained that these new "critical systems related to back-office functions, such  
23      as customer care, order management, billing, supply chain, and other systems

1 interfacing with Hawaiian Telcom's financial systems, lacked significant  
2 functionality."<sup>4</sup> This led to deficiencies in order accuracy, service provisioning,  
3 billings and collections, revenue assurance and overall customer service. Despite  
4 efforts to improve the functionality of the new systems, Hawaiian Telcom  
5 continued to experience many of these same issues, requiring it to incur  
6 significant incremental expenses to retain third-party service providers to provide  
7 call center and manual processing services in order to operate the acquired  
8 properties.

9  
10 Frontier will not have the same or similar cutover problems as those experienced  
11 by FairPoint and Hawaiian Telecom. Frontier already has existing, proven  
12 operations, business and customer billing and support systems which are used to  
13 serve its more than 2 million customers (including customers in West Virginia  
14 today) and Frontier has a successful track record of integrating the operations of  
15 various operating companies. Frontier therefore is in a unique position in that it  
16 has fully scalable systems to handle additional properties and has had historical  
17 experience in acquiring operations, including some from Verizon, and some in  
18 West Virginia.

19  
20  
21 **Q. Please explain why Frontier's status is different from the FairPoint and**  
22 **Hawaiian Telcom situations?**

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<sup>4</sup> See Hawaiian Telcom Communications, Inc.'s 10-Q for period ending September 30, 2008.

1 In both the Hawaiian Telcom and FairPoint transactions, the acquiring companies  
2 chose to develop operational, business or customer support and financial systems  
3 from scratch and then cutover to those new systems to operate the acquired  
4 businesses. Frontier will not be developing operational, business or customer  
5 support and financial systems and then cutting over to the new systems to operate  
6 in West Virginia. Frontier already has existing, proven operational, business and  
7 customer billing and support systems which are used to serve its more than 2  
8 million customers including the approximate 144,000 access lines that Frontier  
9 already serves in the state of West Virginia. These existing Frontier systems are  
10 fully scalable and will enable Frontier to migrate the Verizon customers in West  
11 Virginia over to Frontier's existing systems and processes.

12  
13 It is also important that the Commission recognize that Frontier is a very different  
14 company than FairPoint in New England or Hawaiian Telcom in Hawaii. Frontier  
15 is already a successful business with a strong management team that provides  
16 service to over 2 million access lines and, as we previously described, has a strong  
17 financial position. Thus, it is distinct from, for example, The Carlyle Group, a  
18 private equity group that acquired Hawaiian Telcom and had limited  
19 telecommunications experience and was forced to retain a new management team  
20 to run the business.

21  
22 This transaction also differs from the prior FairPoint and Hawaiian Telcom  
23 transactions because, as described above, the transaction will significantly

1       deleverage Frontier's balance sheet. As we will explain in greater detail below,  
2       Frontier's debt-to-EBITDA ratio will drop from 3.8 to 2.6. Given the  
3       conservatively capitalized nature of the combined company following the  
4       transaction, Frontier's strong free cash flow, its sustainable dividend payout rate,  
5       and its track record of successfully serving customers in communities very  
6       comparable to those it is acquiring here, we are confident that Frontier will not  
7       encounter problems like those faced by FairPoint and Hawaiian Telcom.

8  
9       **VI       CONCLUSION**

10      **Q.       Please summarize the benefits you described in your testimony above and**  
11      **why the Commission should approve the proposed transaction.**

12      A.       To summarize, the benefits that we believe this transaction will bring to the  
13      current Verizon customers include:

- 14              • Increasing broadband availability in West Virginia will be a business  
15              imperative for Frontier, both to provide an added revenue source and to  
16              stem the rate of line losses to competitors. Frontier has a strong record of  
17              deploying broadband in its markets, making broadband available over time  
18              to an average of approximately 92% of the households in its West Virginia  
19              service areas today. Frontier believes that through a combination of  
20              investment and high-quality customer service, it can accelerate broadband  
21              availability and penetration in West Virginia over time.
- 22              • Frontier will also bring to Verizon's current West Virginia customers its  
23              innovative customer service programs options, such as its program to

1 assist new subscribers of broadband services by sending a technician to a  
2 customer's home to set up service and ensure that consumers are  
3 comfortable navigating and using High-Speed Internet services in the  
4 home. Frontier has also made promotional offerings available to  
5 customers whereby the customer is provided with a computer to access  
6 available broadband when the customer signs up for Frontier telephone  
7 and High-Speed Internet promotional offerings with a term commitment.

- 8 • Frontier will seek to develop and implement service bundles which  
9 address the broad spectrum of customer telecommunications needs, from  
10 customers seeking simple voice-only services to customers seeking  
11 multiple advanced services.

- 12 • The transaction will strengthen Frontier's balance sheet through a  
13 substantial decrease in its ratio of debt to EBITDA, a 25% reduction in its  
14 shareholder dividend and a reduced dividend payout ratio. This stronger  
15 financial structure and increased cash flow will provide the financial  
16 flexibility Frontier needs to make the investments in West Virginia it  
17 deems necessary to improve its ability to compete, including in broadband  
18 infrastructure.

- 19 • West Virginia will become a strategic focus for Frontier and will become  
20 the largest state in Frontier's service territory. Frontier already has a  
21 proven track record of success in serving larger communities like it will be  
22 acquiring from Verizon in West Virginia, along rural communities and



1 smaller to moderately sized cities, including its existing service areas in  
2 West Virginia. .

- 3 • Frontier will honor existing tariffs and contracts. Existing customers will  
4 continue to receive the same regulated intrastate services on the same  
5 terms and conditions under their existing tariffs. Frontier will continue to  
6 provide services after the closing of the transaction without any material  
7 reduction, impairment, or discontinuance of service to any retail or  
8 wholesale customer. This will ensure that the transaction will be largely  
9 transparent to current customers in West Virginia.
- 10 • The current regulation of the acquired operations will be unchanged by the  
11 transaction. Following the transaction, Frontier will operate in  
12 conformance with the Commission's relevant rules and regulations. The  
13 Commission will retain the same regulatory authority over Frontier and  
14 the acquired operations that it possessed prior to the consummation of the  
15 transaction.
- 16 • Frontier is prepared to effectively complete the transition of Verizon  
17 customer over to Frontier. Frontier has a wealth of experience in  
18 successfully completing acquisitions and integrating the operations into its  
19 business operations. Frontier will undertake the required actions to make  
20 the transition successful for its new customers in West Virginia.

21  
22 **Q. Does this conclude your direct testimony?**

23 **A.** Yes, thank you.